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100th Congress, 1st Session

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S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 21

Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.
November 17, 1987.—Ordered to be printed.

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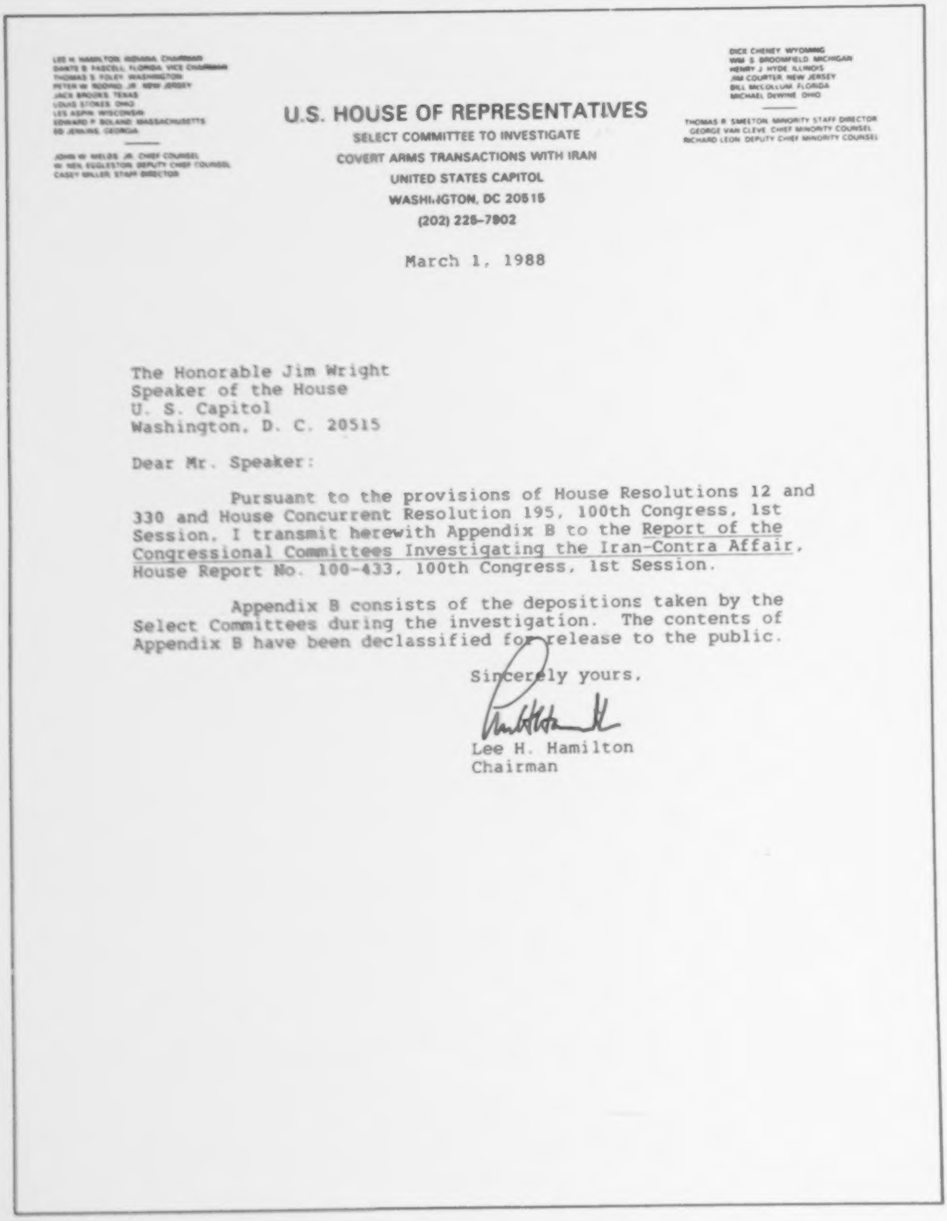

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March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

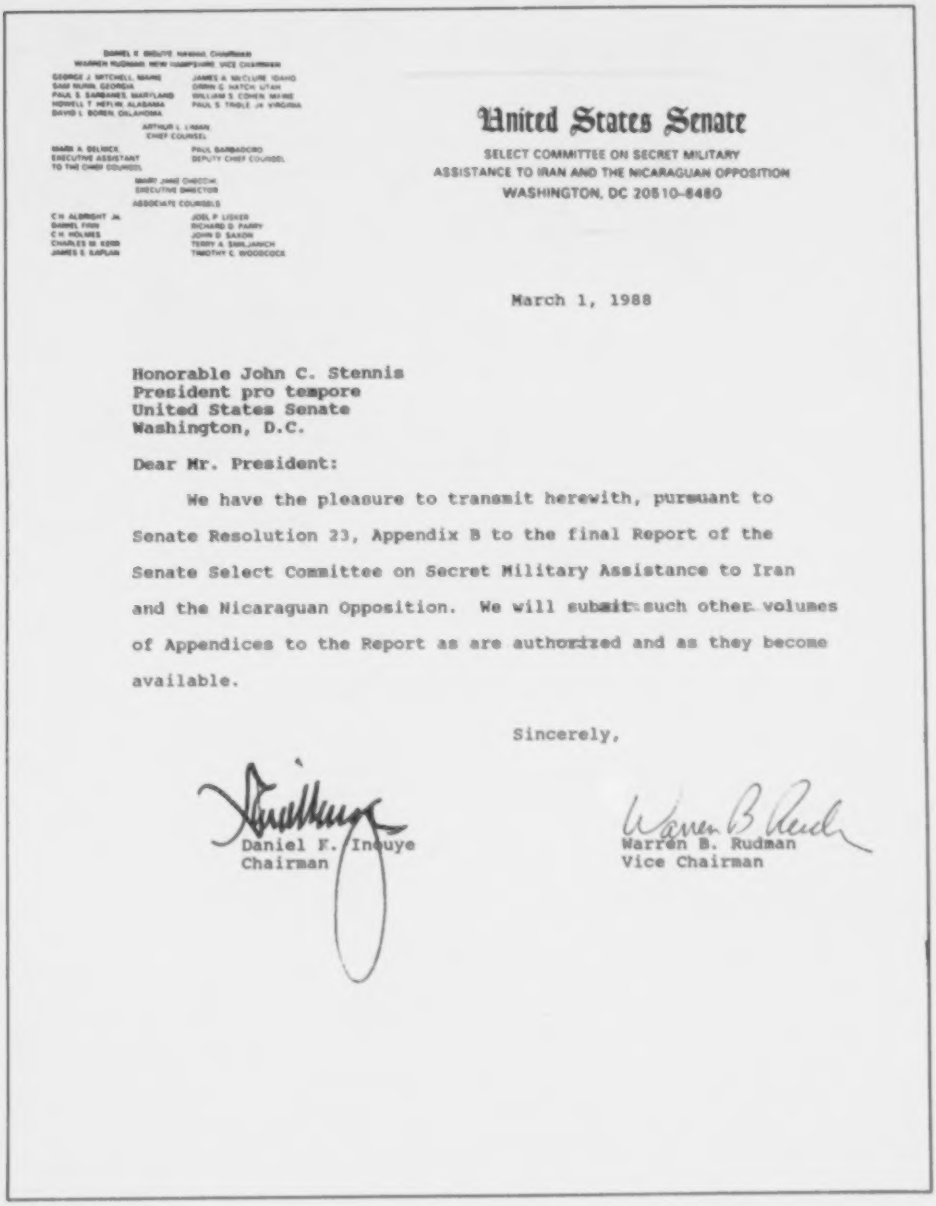
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



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United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF THOMAS V. POSEY

Washington, D. C.
Thursday, April 23, 1987

Deposition of THOMAS V. POSEY, called for examination pursuant to notice of deposition, at the offices of the Senate Select Committee, Hart Senate Office Building, Suite 901, at 9:55 a.m. before WENDY S. COX, a Notary Public within and for the District of Columbia, when were present on behalf of the respective parties:

JOHN D. SAXON, ESQ.
Associate Counsel
TOM YOUNG, ESQ.
United States Senate
Select Committee on Secret
Military Assistance to
Iran and the Nicaraguan
Opposition
901 Hart Senate Office Building
Wahsington, D. C. 20510

4738

G. DOUGLAS JONES, ESQ.
Johnson, Cory & McNamee, P.C.
300 Twenty First Street North
Birmingham, Alabama 35203
On behalf of the Deponent.

Partially Declassified/Released on Jan 27 1988
under provisions of E.O. 12356
by D. Sirko, National Security Council

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PROCEEDINGS

Whereupon,

THOMAS V. POSEY

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. SAXON:

Q If you would, sir, please state your full name for the record.

A Thomas Vincent Posey.

Q What is your address, Mr. Posey?

A [redacted] Decatur, Alabama 35603.

Q Could you give us a sentence or two about your background.

A I am going on 41 years of age. I have served in the armed forces, either active duty or in the reserve system, for approximately 15 years, and that was with the Marine Corps and the Alabama National Guard. I own a produce business I started in 1967, that I closed up May of last year.

Do you want me to tell you about being a baseball coach and all that other stuff?

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by D. Sirko, National Security Council

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Q Whatever you want to add.

A I was a city councilman, baseball coach, volunteer fireman, volunteer policeman. Anything I can get into, I get into.

Q Still coaching Little League?

A No, I gave it up when I started this.

Q Never ran a restaurant called Posey's in Tuscaloosa, Alabama, did you?

A No, sir.

Q Some of the best home-cooked vegetables I ever had.

Mr. Posey, are you currently employed; do you have an occupation, as we would normally think of it?

A I would say full-time assisting the Freedom Fighters of Central America, which most people call the Contras, which I call the Freedom Fighters. The FDN is the group that we mainly work with.

Q It's not my intent to engage in semantic games, but I am more accustomed around here to calling them the contras; so if I call them the contras, understand that's what I am talking about. You call them whatever you want, and that will just make it easier.

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Mr. Posey, if you would, tell me in a general way about CMA, its origin, its background and creation, circumstances of its creation and so forth.

A Okay. CMA was started approximately four years ago by Bill Courtney, Dana Parker, Ray Potter and myself, to do something about stopping communism in Central America.

At that particular time, the news media was portraying on the news [redacted] We hadn't come up with a name for the organization yet; we just knew w were going to do something about communism. Then after Flight 007 was shot down -- we knew when it was shot down nobody was going to do anything about it. That's when we decided to get off our butt, go down there and find out what we could do about it. That's when I made arrangements to go [redacted]

Q When would that have been?

A It was in September of '83.

Q Who did you meet with when you went there?

A I met an individual by the name of [redacted] [redacted] His rank is on there. He had just gotten there. That was his first full day of work, I think it was. I told him that there was some concerned Americans wanting t

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help [redacted] and could he please put us in contact with [redacted] government and the military power.

Q Did he do that?

A Yes, he did.

Q What else was formally done to create CMA?

A What do you mean? What did we do afterwards?

Q Thus far I have a statement of what the interest was and the issue. I am not sure--

A It would be simpler to tell you just what happened afterwards. I met -- but I met [redacted] He did speak English. I told him there were concerned Americans wanting to help out by sending supplies down there. We would like to try to adopt a company-sized unit. So what I asked for was a list of supplies that they could use, and I also provided a list of supplies that we would like to provide to them.

So, a few days later, I hadn't heard back from the American Embassy or anything like that, because there was another guy supposed to get ahold of them. I forget his name, but he was in the American Embassy there. I didn't hear from them. I come back to the States. Shortly

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thereafter, I received a letter in Spanish on the supplies and everything that they were wanting, comparing to what we was wanting to give and everything like that.

Q What would you say is the purpose of CMA?

A Right now, the purpose of CMA is to still stop communism in Central America, and hopefully grow to where we can fight communism throughout the world.

Q What is the formal or full name of CMA? What do the letters stand for?

A Originally it stood for "Civilian Military Assistance." We changed it April of last year, due to the advice of some lawyers in Memphis, to "Civilian Material Assistance," because they said we have a better chance of getting tax deductible if we was to tone down the name.

Q What would you say is your approximate membership?

A On the rolls, a little over 900, but we have supporters out there also, such as people who send us clothes, everything of this nature. So we claim on supporters and everything about 5000.

Q By "on the rolls," what does that mean?

A That is people that have paid, at one time, dues or gave us enough materials to be considered members.

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Q What is the threshold for enough in materials, if I wanted to join or be a member, get on the rolls?

A Right now it would be a $30 membership dues, whereas before, when we first started, it was anything. If it was $1, $5, whatever, then we put out an application asking for $20 donation.

Q What if I wanted to donate my old, no longer in use, army boots.

A If you had enough of boots, yes, sir, you would become a member then, if that's what you want. A lot of people gave to us, not wanting to get on any computer rolls.

Q Do you have computer rolls?

A We do have a computer, yes, sir. We acquired that February of last year.

Q Let me ask you a few questions about the funding of CMA. The first question, if you are able to answer it in this way -- you may not, and I understand if you can't -- since its creation, what would you say would be the total dollar amount of contributions you have received in cash or cash equivalent check, et cetera, not counting in-kind contributions, supplies.

Q Not counting supplies?

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A Not counting that, what would be the amount of cash you received?

MR. JONES: You are talking about over the four-year period?

BY MR. SAXON:

Q Over the whole period, sure.

A Ballpark figures, I am going to say somewhere about probably -- last three, four, years, probably about maybe $70,000.

Q Okay. What kind of ballpark figure would you put -- same question, but with regard to noncash contributions -- materials, supplies, any kind of contributions, equipment?

A We estimate probably about $6 million.

Q Do you have a yearly budget?

A No, sir.

Q What would you say is the geographic distribution of your contributors? Where are they from?

A All over.

Q All over the U.S., all over the world?

A We have members in all 50 states and six or seven foreign countries.

Q Where do most of your members come from?

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A Oh, God. Geographically, Alabama -- percentage wise, it's probably our biggest membership on the rolls, is Alabama.

Q What would you say are the demographics of your membership? What kinds of people are you talking about, age, ethnic background, civilian, military, retired military, business people, whatever?

A I am going to say that the majority of them are in their late 30s on up. We have a lot of retired military personnel involved. The highest ranking is a brigadier general on down to Sally the waitress to Bill the truck driver-type individuals.

Q I will ask about Sally and Bill later.

A All right.

Q What would you say, in terms of the cash contributions, cash or check, would be the average contribution size, $10, $50, $200?

A Well, if they are joining up, it's $30 right now, and that's for over a year now. But the average, like I say, somebody just sending a donation in, I would say anywhere from $10 to $20, somewhere in that monetary range there.

Q Are you able in any way to characterize an average

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contribution of noncash materials; is that one toy, a pickup truck full of clothes, how does that come in to you?

A You mean on the average?

Q Yes, just to give us an idea of any of the members of the committee.

A Like when I come down here I received two boxes of civilian clothes from Bluegrass, Kentucky. Whereas we have a nurse, that before she went to be a nurse down in Central America, she got us 25,000 pieces of civilian clothes, industrial uniform type, donated in Birmingham. Industrial uniform means the brown, the blues and all that.

Q I believe you said you have a contribution list itself, or the membership roll itself?

A Membership roll, yes, sir.

Q That's on computer?

A Yes, sir.

Q Do you happen to have a copy of that with you?

A No, sir.

Q Is that something you could provide the committee?

A If it is requested.

Q I don't know that we need it for any particular purpose. I will think about it.

A I would appreciate that, because a lot of people are scared of "big brother."

Q We are not trying to invade anybody's privacy. I don't know right now whether I could make a case for the relevance.

MR. JONES: Just for his benefit, Johnny, if you do need it, send us a separate duces tecum specifically for that.

MR. SAXON: All right.

BY MR. SAXON:

Q Is CMA a tax-deductible entity?

A No, sir.

Q Have you ever portrayed it as being tax deductible?

A No, sir. As a matter of fact, we put on our advertisement that we were not tax deductible.

Do you mind if I smoke?

Q I don't mind.

A If somebody is allergic, I won't.

Q Since you have a computerized membership roster, do you do any solicitation through the mail, any direct mail fundraising of that roster or any other?

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A We have tried on that roster.

Q Did you have any success?

A Very dad gum little.

MR. JONES: Off the record.

(Discussion off the record.)

BY MR. SAXON:

Q Let me ask you a couple of questions about accounting for CMA. First, let me pose the general question to you, what kind of accounting procedures do you have?

A What do you mean, in what area?

Q Well, you talked about receiving over a three- or four-year period upwards of $70,000, $6 million worth of goods, equipment, supplies.

A Okay.

Q Coming in, going out, auditing procedures, whatever.

A Okay. Financially, the bank -- the records are available, you know, you get so many dollars in, you can only spend so many dollars. Receipts, things like that, like if I have travel or something like that, the receipts are there to say what the money went for.

Q This would be the First State Bank of Decatur?

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A Yes, sir. The name has changed since then. First Alabama, I think it is now.

Q No surprise.

A Supplies. Accountability, I don't know, we didn't sit down and itemize every little thing that came in. What we did was book accountability. You get a pickup load of civilian clothes, we would say that's worth $5000, something like that. Because our staff at that particular time, which still is now mostly my own wife, who works at the warehouse, my sons every now and then -- .

MR. JONES: John, I don't want to testify for him, but I think one of the things that you may be getting at, there are no journals of, like, income and distributions, that sort of thing. There are no journals like that, or accounts receivable list or anything of that nature.

MR. SAXON: For the record, there are no value judgments in my questions.

MR. JONES: I understand that.

MR. SAXON: I am not suggesting you should have certain procedures. I am, for information purposes, trying to find out what you do and how you do it.

MR. JONES: All right.

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THE WITNESS: In Memphis now, Jim Turney, up until this past January, handled the Memphis accounts.

BY MR. SAXON:

Q Turney?

A Yes.

Q Spell that, please.

A T-u-r-n-e-y.

Q What did he do in Memphis?

A He took over the administrative aspects approximately a year and a half ago. So memberships and a lot of the donations went directly to Memphis.

Q Who took his place when he left?

A He is still there, but it switched over to a dual signature between Jim Kent and Jim Turney.

Q Jim Kent?

A Yes, sir.

Q K-e-n-t?

A Yes, sir.

Q For the record, does CMA have a treasurer?

A Yes, sir; Jim Turney.

Q Do you have a comptroller?

Is that a no?

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A No.

Q Okay. Have your books ever been audited?

A No, sir.

Wait a minute. Let me back up. What do you mean, which books?

Q The CMA books, whatever records you have?

A What I do now, like I say, on taxes, I take my books to -- what you call it?

Q CPA, accountant?

A Yes. They fix up my tax papers and everything like that.

Q That's your personal return?

A That's my personal -- my CMA account there in Decatur.

Q Your CMA account?

A Yes, sir, that's what you got the copy of the checks on; yes, sir.

Q Your accountant prepares your return or the CMA return; or is it one and the same?

A One and the same. Most of the expenditures was out of my own pocket anyway.

Now, Memphis is -- I forget the guy's name, but

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Jim can tell you the name of the guy running the checks on the computer.

Q Let me ask you about the incoming contributions or the supplies, et cetera. First, if you would, for the record, characterize the types of things that you receive.

A Okay. The bulk of what we received in weight has been civilian clothes. The dollar value and bulk of what we have received, is medical supplies. We have also received uniforms, boots, just about anything, other than we have not received no weapons. We have had people call us up and ask us, and we tell them, respectfully decline their donations of them.

Q Do you tell them where they could send the weapons?

A Very easy, sir. I tell them that if they have a State Department permission to export weapons, they can do it. But they cannot send them to the Contras, because that would not be in receivership of the State Department forms, end-user certificate is the word I am trying to find. We did receive 20 pounds of aircraft ammunition that I turned over to the FBI, and they turned it back over to me.

Q What did you do with it?

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A Still sitting there in the warehouse.

Q When did they turn it back to you?

A I don't know. I gave it to him and he gave it back.

Q Is this in Birmingham?

A No, sir; Huntsville.

Q What has been your means of publicizing your activities for purposes of A, general publicity about CMA, and the cause; and, B, how you are trying to solicit supplies, et cetera, where to send them and so forth?

A Honest answer to that is we hadn't really tried to get any publicity. The news media had come to us anyway. We have had an open-door policy from the very beginning, with the news media and anybody else, as to what we are doing and how we were doing it. We have received a lot of news attention because of that accessibility, and as for a paid-type publicity, or advertisement or something like that, I probably wouldn't guess that we probably haven't spent more than $2-, $300 on something like that.

Q Let me ask you about your warehouse facilities, and let me ask you in very general terms, what do you have, where are they, who owns them, how were they acquired, et cetera.

A The warehouse in Decatur is my warehouse that I rent --

Q For the produce firm?

A Yes, sir. I have had that for, I guess, close to 20 years now. The warehouse in Memphis is Jim Turney's garage and one rental, miniwarehouse thing.

Q Yes.

A The other warehouse, what we consider not ours per se, but ours as with the Freedom Fighters, is in Kenner, Louisiana, it's called Dahler.

Q Spell "Dahler."

A D-a-h-l-e-r, I think, I can check it if I have got her card here. Address and phone number and everything. Before then she worked someplace else and it was an Intertrans warehouse.

Q Who is "she? " You said "she."

A Well, we call her Rocky. Her name is Rochelle James, I think.

MR. JONES: Rochelle James.

THE WITNESS: Rochelle James, yes.

MR. JONES: John, by the way, there are some cancelled checks, you will see, made out to the something Williams Trust Fund.

THE WITNESS: Oh, yes, that's the rent on the building. The rent, I think, is $125 a month.

BY MR. SAXON:

Q Rent in Memphis?

A No, Decatur.

Q You do pay rent on that?

A Yes, sir.

Q What are your procedures for taking in physically, loading, unloading, warehousing, loading up again, to ship somewhere, all of the things you receive. If you would just walk us through that process. Maybe you would just start with a pickup truck pulls up, knowing where to come, to your warehouse in Decatur loaded, let's say, with civilian clothes. What happens from that point to when it actually gets to someone in Central America.

A Okay. On the law of averages, I usually pick up most of the supplies that comes in. They are either mailed to me or UPS to me, to my house. I don't have her card with me. We take it down to the stockroom; I am going to say 95 percent of the time I tear into the boxes and repack the

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boxed stuff, stuff in the box, into bags. Because the boxes weigh more than the bags, we can get more weight on the plane.

Okay. I found out from Mario Calero as to what is mostly needed at that particular time. Then I load up what they are needing and truck it to Kenner, Louisiana.

Q Before you go further, does Mr. Calero send you something in writing in that regard, or are you talking about by the phone?

A By the phone.

Q Who calls whom? Do you call him or does he --

A Both.

Q He has called and he says we need medical supplies, you have some medical supplies among the many things in your warehouse. You are ready to ship him some medical supplies. What happens?

A I load it up and take it down there to him.

Q How?

A I put it in the boxes, put it in the van, and drive it down that to him.

MR. JONES: Personal van?

THE WITNESS: Yes. I have rented U-Haul trucks

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before.

BY MR. SAXON:

Q Have you ever used any other form of transportation to get it from Decatur to Louisiana?

A Besides U-Haul truck, no, sir. Now, sometimes supplies from my people or my chapters, like, say, from Louisiana, like Glen Thibideaux was bringing supplies in from Lafayette, Louisiana, which is only about two hours from New Orleans, he will take it directly to Mario. There is no sense taking to it to me and I have to take it all the way back down there. Same way from California; if they were going to send it from California, they send it directly to Mario.

Q Do you have any employees as such of CMA, any paid positions?

A No. We buy food for Dave Harrison in Memphis, but he is not on the payroll. We buy food for him to work there.

Q I don't mean to pry into your personal affairs, but do you pay yourself a salary?

A No, sir.

Q What is your means of personal subsistence?

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A Herbert Humphrey.

Q Who is he?

A He is the owner of a Holiday Inn in Cayman Islands and also Cayman, Limited, in Memphis.

Q Does he send you periodic checks?

A Yes, sir.

Q Do you provide him anything in terms of receipts or living expense records?

A I send receipts on expenses and things like that, yes, sir.

Q Do those checks come on a regular basis, once a month?

A For the past year, started April of last year, sir.

Q I think you have adequately explained the answers to what would be my next questions about your records.

What are you aware that Mr. Calero, Mario Calero, keeps in terms of his records?

A From my personal experience, every penny Mario spent, it was written on a check, and it was sent or taken to Florida by Adolfo and to the bookkeeper.

Q I am not sure if I followed that. What was

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talking to Adolfo Calero's bookkeeper?

A The records.

Q He would write a check on an account over which he had control and was a signatory?

A Yes, sir.

Q On a bank where?

A I don't remember the name, but it's there in Kenner.

Q In Louisiana?

A Yes, sir.

Q Periodically, those records are turned over to his brother, Adolfo, and an accountant in Miami?

A Yes, sir. That's what I assume, because he mentioned it one time, yes, sir.

Q Does he keep records of what comes in in terms of a shipping or warehousing receipt, ledger list, packing list, et cetera?

A For things that he purchased, there was a list of everything that he purchased and things like that. Now, for things that were donated, I know he didn't sit down and itemize it, no, sir.

Q If you took down, in your personal van, a load of medical supplies, let's say, that's what he has told you he wanted, you took it down, somewhere there unloaded it.

A Yes, sir.

Q Put it in the warehouse in Kenner, and no paper changed hands, no documents, no records?

A No, sir. But when they would ship it out, I know he would type a manifest as to what was going on the plane.

Q Would it be in bulk, though, would it say 43 boxes of civilian clothes, or would it have a listing by item?

A I think it would be one of these things, like I say, civilian clothes, medical supplies, things like that, but I don't think they weighed it, no, sir.

Q Did he ever provide you anything written in terms of what he needed, what you had sent, any quarterly, monthly, yearly compilations, et cetera?

A There was one or two articles he put in the FDN bulletin. He did write us one letter stating that he had appreciated the aid that was given to him, civilian supplies and everything like that, which I think, if I am not mistaken, the letter said 60 percent. Then the other part, the newspaper, I think it said, $70,000 worth or something like that.

Q The 60 percent would have been 60 percent of what

A Civilian supplies -- you know, blue jeans, sweaters, things like that.

Q I understand that, but I don't understand what the reference --

A Oh. The rest of it was like military supplies, like uniforms, boots, belts, packs, things of that nature.

Q Did you ever have occasion to use Baggett Transportation, B-a-g-g-e-t-t?

A No, sir, personally, I didn't.

Q Are you aware of whether CMA or Mario Calero ever used Baggett?

A I did receive some supplies, but I don't remember what trucking company sent them now, I will be honest with you.

Q Did you ever have occasion to use Southern Air Transport?

A To my knowledge, no, sir. There was planes that come in that took the supplies down there, but I don't remember the name of the airline. I just remember one of the pilots, Frank Moss. I think he was an independent [redacted]

Q When Mario Calero would prepare a planeload of supplies and equipment to be shipped south, who made the determination as to where those would be shipped?

A God, I don't know. You have to ask him, seriously. Everything that I knew, it was going down to FDN, and there was two ports of entry that I had experienced one, and another one I never did experience. That was [redacted] That's the one I flew in on, and the [redacted] Indians would unload the supplies and steal their 25 percent. You can print that.

Q Tell us what you meant by that.

A No matter what you sent down, when it got down there, there would always be something missing.

Q [redacted] military, civilians?

A The whole nine yards.

Q All of the above?

A All of the above. I couldn't blame them. They was really hurting at that time on supplies.

Q When Mario Calero sent these supplies, did he ever charge anyone for them?

A Did he what?

Q Did he ever charge, bill, require payment by

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anyone who received them? Was he getting paid for any of the things he shipped out of Kenner, Louisiana?

A To my knowledge, no, because it was going down to his troops.

Q One question on your Decatur warehouse, when you pay the rent, that check is written on the CMA account with the Decatur bank?

A Now it is, but I think before it was written on Posey's Produce account.

Q When did that change start?

A We went out of business May of last year, sir.

Q Is your warehouse guarded, or what security do you have for it? Both the one in Decatur, the one in Memphis, and I guess, the Kenner.

A Just regular police, you know, drive by every now and then.

Q You don't have a security guard posted?

A No, sir.

Q Do you have a lock on it of any type?

A Oh, I have a lock on it; yes, sir.

Q What type?

A Door lock.

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Q I want to ask you a couple of questions about money, finances and bank accounts. Some of this we have covered, so I will omit anything in that category. You indicated that your bank was First State Bank in Decatur and the name is now changed and you believe it's First Alabama?

A Yes, sir.

Privacy

Q Would that be account number [redacted]?

MR. JONES: No.

THE WITNESS: That's not CMA's; it might be my personal account or Posey's Produce.

MR. SAXON: Okay. Let me offer as Deposition Exhibit -- off the record a second.

(Discussion off the record.)

(Posey Exhibits 1 through 3 identified.)

BY MR. SAXON:

Q If you would look at what has been marked as Deposition Exhibit 1, this is drawn on BAC International Bank, dated June 17, 1985 --

That much Spanish I know -- paid to the First State Bank of Decatur, and this deposit was in the amount of $31,000. Does that appear to be something of which you have knowledge or recollection?

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A Yes, sir, but they docked me $5 for the transfer.

Q Okay, I can understand that problem. I have had it myself. What would this payment have been for, and who would it have been from?

A It was from the FDN, and it was for supplies acquired for the FDN. Just right off the top of the brain, it would either be for poncho liners, uniforms, socks, parachutes or a combination of all of them.

Q How does that work, since what you have described thus far is you receiving, without any payment, expended on your part or CMA's part, giving you things. Now we have provided something H to FDN and you paid for it.

A Yes.

Q Is this something you went and purchased for them?

A Yes.

Q Tell me how it worked.

A At this particular time, if they was needing something such as uniforms, parachutes, things like this, we put our feelers out to find the cheapest price available.

Q That need would come from the FDN through Mario?

A Yes. Okay. Once we found the cheapest price available, Mario would approve the purchase or, you know,

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deny it. If the purchase was approved, the funds would be transferred by wire to my bank account; I would get the money, get it cashed, take it to the supplier, and pay for the material. Then the materials would be delivered to the FDN.

Q I don't have a fixation on records, but let me just ask you, when, in that process you have described, would there be any kind of formal purchase order from Mario, or anything prepared, or would it simply be, he would call and say the folks down there would say, we need some parachutes, where can you find them. You go out and do the looking. You come back and say, I found them at XYZ parachute supply, they will cost $10,000; he says fine, you have got it. The money is wired to you, you buy them. They get, ultimately, to Mario, et cetera?

A Yes, sir. Like, for instance, like I say, can you give me some parachutes. He will check his resources. If I am not mistaken, the last shipment of parachutes came from California. What he would do is stand good to that creditor, because the FDN, you know, credit wasn't all that good. So he would stand good for it. Then I would get the funds to pay him then he would turn around and pay the guy out in

California.

Q Let me ask you to look at the second item there, which has been marked as Deposition Exhibit 2. Similar transfer document dated June 19, BAC International Bank, transfer, wire funds to your account, CMA account in Decatur in the amount of $2000. Does this appear to be something you recall?

A It would be the same type of purpose.

Q Do you remember specifically what that might have been for?

A No, sir, not right off hand. I would have to go back and look at the tickets and ask one of my suppliers to come up with something. That first one, I think, was part of a 1000 backpacks; they were purchased out of New York, but through Decatur Surplus by Jerome. I think they cost us $18500. That was part of it.

Q $18,500?

A Yes. Also in there we found some uniforms for $5.75 a set, brand new ones.

Q I would say you got a good deal.

A You are dad gum right.

Q Let me ask you, then, to look at Deposition

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Exhibit 3, similar wire of funds dated July 25, 1985, in the amount of $7500. Same question. Does this appear to be something that makes sense, jogs your recollection?

A Yes, sir; it's to purchase supplies.

Q One question about the timing of those transfers and the sequence of those transfers. In our review of bank records turned over to the committee by Mario Calero -- I am sorry, Adolfo Calero, these are the only three entries that we have with regard to CMA. Were there other transfers of which you have knowledge?

A Transfers such as that, no, sir. Now, Mario Calero did write me a couple of checks out for gas expenses for getting supplies down there. At that time, gas was high and it was costing us approximately $125 round trip to get the supplies down there. He did write out a couple of checks reimbursement for the gas, yes.

Q And in the records that you have turned over to the committee this morning, do we have deposit slips reflecting those checks?

A No, sir, I doubt it. What I would have to do is go over to the bank over there and cash it in order to get back home.

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Q They were not deposited; they were cashed in Louisiana?

A There might have been one or two that was deposited in my checking account.

MR. JONES: John, just for the record, the deposits just listed deposits. We have not requested the bank to give us microfilm of any of those.

MR. SAXON: Okay.

THE WITNESS: I think his checking account will vouch for it, Mario's.

BY MR. SAXON:

Q Is there any significance to the fact that those three deposits occurred within a one-month period in mid '85?

A Other than they got the money to buy the supplies, they needed the supplies, we did our best to get them the best and cheapest price available, which I think would be very easily verified through the government purchasing agency. They paid two arms and a leg.

Q I think we know some of those horror stories. Who or what is [redacted]?

A I never heard of them, sir, to my knowledge.

Q Do CMA members -- or I guess they would be

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volunteers, since you have no paid employees -- help UNO carry out warehousing and cargo and unloading operations in New Orleans?

A Yes, sir.

Q How does that process work? How do they wind up there, who tells them to show up there, who do they take orders from, et cetera?

A We loaded every plane but one that left out of New Orleans; I think there was 54 or 55 planes.

Q 54 or 55 planes?

A Somewhere in there.

Q Over the three- or four-year period of CMA's existence?

A Yes, sir.

Q CMA people loaded all but how many?

A All but one.

Q What was the nature of not loading that one?

A The guy was sick.

Q Do you recruit people to go down there or does Mario Calero?

A No, sir, volunteers.

Q How does somebody know that they are needed and

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where to go and so forth?

A The first one that went down there, he only lived two hours from there, and he had become friends with Mario Calero, and he wanted to do his part on helping the freedom fighters, because he is also a Vietnam veteran, and he felt like he would do more there than just sitting at home retired.

Q That's understandable. But when it came time for a shipment, who would call him and say we are going to load up tomorrow morning to send a planeload of medical supplies?

A He was living there at the house there in Kenner.

Q I thought you said he was two hours away.

A Right. He was staying there at the house.

MR. JONES: Wait a minute. He lived two hours away.

THE WITNESS: Right. At first he was going back and forth, and then he just stayed.

BY MR. SAXON:

Q During that period he was going back and forth, somebody would call him and say we are going in Friday morning can you come back in?

A Yes. And everytime Mario would call us up we

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would go to Memphis or Decatur to help move the [illegible].

MR. JONES: You are saying he moved there to --

THE WITNESS: Not lock, stock and barrel, he would go home on the weekends, thing like that.

BY MR. SAXON:

Q Do you know a lot of these people personally?

A Yes.

Q Like in December of '85, Harry or Jim, do these names ring a bell with you?

A Harry, I don't think he was involved at that time.

Q But Harry rings a bell?

A Yes, Dave Harrison, Harry. He may have gotten out of the Marine Corps about that time. I stand corrected on that.

Q Jim. Who would that have been?

A Probably Jim Turney. Because Jim Kent didn't come aboard until April of last year, '86.

Q Was there a point at which there was any friction between you and/or other people associated with CMA and Mario Calero because he didn't want to permit CMA members to travel to [redacted] for deliveries?

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A Yes.

Q Tell us about that.

A Well, just, as I say, just two bulls in a China shop butting heads.

Q Who were the two bulls?

A Jim Turney and Mario Calero. Jim is strong-headed and so is Mario.

Q When would that have been? When did that little -- these incidents or that friction develop?

A Oh, it's been going on for two or three years. They are friends, but when it comes to something like that, they butt heads, yes, sir.

Q If you are able to recall, approximately how many times have you been to Central America, and where have you been?

A I have been to Central America probably approximately 15 times.

[redacted]

Q The purpose is not to hold you to a specific number, but simply get a sense of your travel?

A Yes.

Q When you would go down there, what would you do?

A Personally, what I would do, is take personal items for the friends that I developed down there, and once or twice there, when I was down there, at [redacted] their boot training camp at that particular time, which is nonexistent right now, I would show some of them how to fire a rifle properly, you know, correct position, where they could become a better shot. But most of it is just PR.

Q Public relations?

A Yes, sir.

Q On any of these trips, did you ever meet with or coordinate with U.S. Government people, either civilians employed within U.S. Embassy, or military?

A Okay. When I went to [redacted] first, I met [redacted] I think ~~I~~ he was a major. That was the only one there [redacted] Then the first time I went [redacted] -- the first time I went [redacted] we talked to an individual [redacted] there in the American embassy, showed him the letter from [redacted]

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[redacted] inviting us down there. That was the extent of our military contacts or government official contacts down there.

Q So as far as you can recall, those would be the only two individuals by name of whom you have recollection?

A Yes, sir.

Q Never met with or dealt with or talked to [redacted]?

A To my knowledge, no, sir.

Q How about [redacted]?

A No, sir.

Q Did you ever meet, work with, talk to, deal with, coordinate with, someone named Felix Rodriguez, who also might have been known as Max Gomez?

A To my knowledge, no, sir. [redacted]

Q The house that is near the airport in New Orleans that is used by UNO and CMA volunteers, who owns that house, who rents it, et cetera?

A It's a rental house, and Mario or the FDN, they pay the rent on it.

Q Let's talk about Mario Calero for a minute. How

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did you first meet him, how did you come to link up with him in these enterprises, what is his role, et cetera?

A Okay. When I first got involved with the FDN, I met an individual [redacted]

THE WITNESS: This is after our first trip [redacted] I was told, I was given his phone numbers and everything in Florida to call. He didn't live in Miami. He lived somewhere else.

BY MR. SAXON:

Q You were given Mario's phone number?

A No, [redacted] That trip was in January, and I heard from him in April.

Q He was in Miami?

A No, sir. Other than Miami, I forget exactly where he was at. Tampa or someplace like that.

Q You were given his phone numbers in Florida when you went [redacted]?

A Yes, sir.

Q In January of when?

A '84.

Q Okay, continue.

A They was wanting to know if we had supplies, stuff like that. We said yes, but we couldn't afford to forward, to ship them all the way to Florida. They says, well, can you get them to New Orleans. I said, Lord, yes. Shortly thereafter, either that day or a couple of days later, I received a phone call from Mario Calero. He said, I am Adolfo Calero's brother. They are turning you over to me because you are in my district, and wanted to know about the supplies, what we had and everything.

Q When he would have talked with you, Mario?

A The first time, latter part of April, first part of May, because we had [redacted] in Decatur in the middle part of April.

Q So that began your relationship with him?

A Yes, sir. The first delivery of supplies to the FDN was, if I am not mistaken, June 1, 1984. Then thereafter, it was just about once a week.

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Q Would that continue up to the present, about once a week --

A Yes, sir -- no, sir. When the planes quit going down, which I think the last one was June of last year, it's been once a month. That's the reason we have got the warehouses full in Decatur and Memphis.

Q So as of about June of '86, it's been about once a month?

A Yes, sir.

Q Tell us what occasioned that change?

A They don't have no place to put it.

Q They who?

A The FDN, the warehouses -- the warehouse in New Orleans is full. So is the one in Decatur. I can still get a little more in it. Memphis is also full. That's the reason we had to go out and rent a storage building.

Q But I assume that the freedom fighters would still have need for these supplies and equipment?

A Yes, sir, definitely.

Q Why are you not able to make the flights as frequently?

A Well, I --

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MR. JONES: If you know.

THE WITNESS: Can I go off -- yes.

MR. JONES: Go off the record.

MR. SAXON: Off the record.

(Discussion off the record.)

BY MR. SAXON:

Q Let's go on the record and let you answer it however you wish.

A The reasons the planes haven't gone very often since June of last year is the FDN doesn't have the funds to pay for the trips down to Central America.

Q No planes gone or just not as many.

A To my knowledge, there have been no planes leaving since last July; I think it was last July.

Q So the warehouses are filling up?

A Yes, sir.

Q Are you still receiving supplies, equipment, shipments?

A Yes, sir.

Q From people?

A Yes, sir.

Q Packages in the mail?

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A Yes, sir.

Q You haven't put out the word, stop, time out?

A No. Because, honest, we feel like that if the Congress was to turn tail, they are going to need the supplies more now than ever. So we want to be prepared for it.

Q I am going to ask this question. If you have an answer that you want to provide on the record, fine. If you want to go off the record, fine. If you have no answer, fine.

Do you have any evidence or any suspicion that in any of the dealings with Mario Calero he has been in any way ripping off the Contras, skimming any money, putting any money in his pocket, or in the pockets of other individuals for purposes that you think would not have been intended?

A To my knowledge, no, sir. For the mere fact his brother is the president, and he would not -- to me, I don't think he would do anything to embarrass Adolfo Calero.

Q Okay, fine. Have you seen any evidence, heard of any people's assessments, or formed one on your own, that other players, other individuals, other than Mario Calero or Adolfo Calero, are "ripping off the Contras"? People who are

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part of what has come to be called the "private supply network?"

A I have no evidence, but I feel like a lot of north Americans profiteered the heck out of the war.

Q Can you be more specific than that?

A In generalities, yes, sir. According to all these so-called organizations helping the poor Miskito Indians, if they had gotten 1/10 of what they had coming to them, they would be the richest Indians in the world, yet they are the poorest. I feel like the Americans are just ~~dis~~abusing the situation; I think most of them are misguiding the American people in making people they are think they are helping the Contras but taking everything for administrative costs.

Q Do you know of any specific individuals or organizations that might have been in this category of what you would call profiteering?

A I think everybody but us, because they seem to be making mighty fancy paychecks and attending $2000-a-plate dinners, and we have to sleep on the side of the road.

Q Let me ask this for the record, and that's the purpose for which I ask it, have you or anyone involved with CMA taken any money that was not accounted for or was not

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intended?

A What do you mean?

MR. JONES: Again, John, we have a problem when you talk about accounting for, because of just the lack of records.

MR. SAXON: Sure, I am sorry. Let me rephrase that.

BY MR. SAXON:

Q We talked about people who were ripping off the Contras and may have been profiteering. Are you in that category?

A I hope to God not.

Q Is anyone who is a member of or affiliated with CMA in that category, to your knowledge?

A There was one individual that did try to use it for profiteering, and that was the great famous Flaco, real name Jack Terrell.

Q The nickname you gave him for the record, can you spell that?

A I didn't give the name.

Q You just gave that though?

A Spanish for "the skinny."

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Q Spell it, if you would.

A F-l-e-s-o or l-a-c-o. F-l-a-c-o.

Q Do you know what a KL-43 is?

A No.

Q Have you had any dealings with an encryption device for sending coded messages?

A No.

Q Would you perhaps know what I am talking about if it were described as a TRW machine?

A I am a grunt, not communications.

Q For the record, then, you have no familiarity with an encryption device by either the name KL-43 or a TRW machine?

A No, sir.

Q Have you ever had in your possession one of these machines?

A Well, wait a minute. I want to explain something. I was in the National Guard, which was a communications unit, and they had machines in the ranks. Now, I might have walked by it but --

Q I am talking about outside of your participation in the Alabama National Guard.

A No, sir.

Q Or your membership in the U.S. Army -- I am sorry, Marine Corps.

A It was both. I never did have no machines like that; no, sir.

Q Have you ever seen one anywhere?

A To my knowledge, no, sir.

Q Have you ever used one?

A No, sir.

Q Have you ever been either on the sending or receiving end of one?

A No, sir.

MR. SAXON: I want to offer as Deposition Exhibit 4, if you would mark that, please.

(Posey Exhibit 4 identified.)

BY MR. SAXON:

Q I believe you have had a chance to read that; correct?

A Yes.

Q First, for the record, have you -- to your recollection, have you ever seen this before?

A This piece of paper?

Q Yes.

A No, sir.

Q What you are looking at, Deposition Exhibit 4, is what we have come to know as called a PROF memo, which the entire Commission report talks about at great length and press reports have recounted, at the National Security Council. It's from Bob Pearson to Robert Earl[illegible], E-a-r-l[illegible]. It discusses CMA assistance for the Contras. First question, do you have any idea why people at the national security council would be concerned about a Tucson, Arizona, reporter, doing an article about CMA?

A God, I don't know.

Q Do you have any idea why the NSC would be concerned about such a reporter doing a story linking CMA and the Contra or private supply network?

A No, sir.

Q Do you have any idea why they would be concerned that a reporter was wanting to write a story about CMA and inquiring about any connection to Oliver North?

A No, sir.

MR. JONES: John, let's go off just a minute, okay?

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MR. SAXON: Okay.

(Discussion off the record.)

BY MR. SAXON:

Q We are still on Deposition Exhibit 4. Final question, this PROF memo makes reference to "Some CMA folks held some illegal immigrants in custody for a few hours for reasons which never seemed very clear." What can you tell me about that? Does that make any sense?

A I don't know about the statement there, but they did -- if I am not mistaken, they found 15 or 16 illegal alien immigrants coming across the border and held them until Customs got there.

Q What border was this?

A Arizona Customs border.

Q CMA people, CMA volunteers?

A Right.

Q And just turned them over to the immigration authorities?

A Yes, sir.

MR. SAXON: Let me have you mark now Deposition Exhibit 5.

(Posey Exhibit 5 identified.)

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BY MR. SAXON:

Q Have you had a chance to read Deposition Exhibit 5?

A The last part of it, yes, sir.

Q For the record, this is a letter obtained by the Committee from the files of the National Security Council to Lieutenant Colonel Oliver North. The first sentence after "Ollie" says "FR and I." By "FR," would you know, from the contents of this letter, that that referred to Felix Rodriguez?

A No, sir.

Q If you look at page 2, Mr. Posey, after the "all the best," then you have a PS and a PPS. The PS statement says, and I quote, "Posey is sending four people to [redacted] to help with training. They are supposed to leave on Tuesday, January 27, 1985. Do you want them to hold off on going until after the meeting?"

First of all, does this statement, on its face, ring a bell with you?

A The first part of it, yes, sir.

Q Tell us what part is something to which you have reference?

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A The part about it says "Posey is sending four people to [redacted] help with training."

Q

A Yes, sir. "They are supposed to leave on Tuesday, January 27, 1985." That right there makes sense.

Q Let's break it down there. Sending them to [redacted] help with training. Training of what kind? What would these people be doing?

A They are supposed to be helping the Nicaraguan Freedom Fighters, since at that time the southern front was more or less totally destroyed, there is no organization or anything. They were supposed to go down there to help train and also to help build morale and bolster the morale of what troops were left to fight.

Q These would be Freedom Fighters, Contras, located [redacted]?

A Yes, sir.

Q That's where the training would take place?

A Yes, sir.

Q Where would the Freedom Fighters be doing their fighting after they were trained?

A Going back into Nicaragua.

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Q Is providing this kind of training something that CMA did a lot of?

A At that particular time, we tried to do it, but we didn't get to do very much, because everybody kept jerking us around.

Q So CMA's activities was not solely limited to the collection, receipt, purchase, procurement, and provision of supplies, equipment, et cetera?

A No, sir.

Q As to the --

MR. JONES: John, do you want him to explain what kind of training was involved?

BY MR. SAXON:

Q Yes. Why don't we, at this point, before more specific questions, have you talk about that a bit, kinds of training, what people you recruited, what they did, where they went, what liaisons they had with U.S. Military group people, Embassy people, anything like that.

A First of all, to my knowledge, our people didn't have no contact with the U.S. Government, other than one individual who made claim, on the trip to Miskito land, that he was working for military intelligence. I don't know if

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that's true or not.

Q Army military intelligence?

A I assume, yes, sir.

Q What was the name of that individual?

A Individual by the name of [redacted]

Q Okay, continue.

A This was after he had come back from down there. Now, our people are supposed to train in whatever fields they could, such as medical, small arms, tactics, things of this nature. Just a general basic-type course to take the individuals that were there, either to help them out in the skills they do have, or teach them skills that they do not have.

Q All right. What countries was this training provided in, to the best of your recollection?

A The only actual training that went on that I know of for fact was one area. That was [redacted] or in [redacted] I should be saying. I still haven't gotten it straight on the Miskito land training aspect of it. I don't know whether they trained or not. I have heard so many different stories.

Q To the best of your recollection, the only country

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in which CMA would have sent people or directed people to go to provide this training would be [redacted]?

A No, sir, we sent them [redacted] also to the FDN. But due to circumstances beyond our control, and goof ups of a few of the men, they actually never did get down to actually training.

Q Okay. Going back to the letter that Colonel North -- it states that these individuals are supposed to leave on Tuesday, January 27, 1985. Is that more or less the time period that fits within your recollection?

A Yes, sir.

Q Now, the question to Colonel North, "Do you want them to hold off ongoing until after the meeting?" First of all, on this occasion or any other, did you or anyone involved with CMA ever receive any marching orders, guidance instructions, from Colonel Oliver North?

A No, sir, not from Colonel North.

Q Did you ever receive instructions from anyone else who was a part of the United States Government?

A To my knowledge, no, sir. But I did receive instructions.

Q Who would they have been from?

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A Rob Owens.

MR. JONES: John, is it possible for you to tell us who wrote this letter? I can't find any indication on here --

MR. SAXON: That's correct.

MR. JONES: -- of who may have wrote that letter. Are we not going to --

MR. SAXON: I have a suspicion but for the record, I don't know.

MR. JONES: I have a suspicion too; it probably matches yours. Okay.

MR. SAXON: Would your suspicion be Rob Owen?

MR. JONES: Yes. That's exactly -- I think once he tells you --

MR. SAXON: Okay.

BY MR. SAXON:

Q You did receive some guidance or instructions from time to time from Mr. Owen?

A I wouldn't say from time to time; for a short period of time there, about five or six months, it was almost constantly.

Q What would be the time period for that?

A Between the latter part of January, constantly, until probably August or September of that same year.

Q Of what year?

A '85.

Q What kinds of guidance or instructions did you receive from him?

A Really, the biggest part I got, he was pumping us for information.

Q How did you come to meet him or know him or in whatever way enter into a working relationship with him?

A First time I met him was at a meeting at Adolfo's house, early part of January of '85. We was --

Q This is in Miami?

A Yes, sir. We was there for a meeting for a dual purpose. Larry Spivey, a producer for Orion productions, had contacted me a few days before that and told me about a meeting in Texas between Jack Terrell, Rob Owen and John Hull. Larry Spivey said that Jack Terrell was a loose cannon on a deck and that I needed to be at that meeting in Miami in order to get things straightened out. As a result of the phone call, curiosity, and the part about how would a person from California know about a meeting in Houston, when I just

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found out about it the same day, fascinated me, really. I said, Lord, yes, I will go to the meeting for sure.

Q Mr. Owen was at that meeting?

A Yes, sir.

[redacted]

Q Where was he located, operating out of, et cetera?

A To my knowledge, he is out of Georgetown over here. I have his phone number or his old phone number. I did have his address. I don't know for sure if I still have it or not.

Q So you met him at the meeting at Mr. Calero's home in January of '85?

A Yes, sir.

Q What happened?

A Well, can I go back to the day before the meeting and set the stage.

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Q That would be fine.

A Okay. The day before the meeting, I met, talked to, Larry Spivey. He took me to the FBI office there in Miami, and we talked to an agent, and I am going to goof his last name up, George Kiszynski, similar. He wanted to know about Jack Terrell's proposal to the guys out in Texas about sending 150 men [redacted] to invade Nicaragua. I said whoa, backup, trainers, yes. But we was wanting to train 15 people, company size level. Larry Spivey, at that particula time, after talking with George and me there, asked if we could use his telephone to call Washington, D.C. My mind isn't clear because both names were mentioned, he wanted to speak to Robert McFarlane, I think he called him "Bud," or Ollie North.

Q This is Spivey?

A Yes, sir. I don't remember which one that he actually got on the telephone.

Q Who is Spivey?

A He is the the producer from Orion productions, he already filled me in on his life history; [redacted]

Q He would be the Spivey referred to in this letter

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that says "Do you want me to go south to watch over Spivey"?

A Yes, sir. Larry Spivey at that particular time, maybe not that day, but later on in that particular month, was telling me about a program that he had proposed to UNO, at that time, where they were to adopt the ~~[illegible]~~ codes of the United States in order to get U.S. Government recognition and there was no way the U.S. Congress could turn them down.

Q We were at the point at which he attempts to make a phone call, Spivey, from Miami to --

A There was a phone call made. He attempted and the phone call went through to somebody.

Q Someone, you would believe, or were led to believe would be at the White House?

A Yes, sir.

Q Or the National Security Council?

MR. JONES: Just so you know, John, this phone call took place from the FBI office in Miami.

THE WITNESS: Yes, sir, with George sitting there.

BY MR. SAXON:

Q Continue.

A We had agreed, before he actually made the phone

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call, the best way to take care of Jack Terrell was to bleed him dry, break him financially, or find out who is financing him to do what he is doing. I already had some ideas as to who was financing him.

Q We are still trying to get to the first time you met Mr. Owen~~s~~.

A Right.

Q So continue.

A Well, after the meeting, I talked to the FBI probably hour and a half, maybe two hours all together. Afterwards, Larry Spivey had told me that he was going to interview Adolfo Calero about doing a film on the FDN, and that he would fill Adolfo in on about what we was going to do about Jack Terrell. The meeting was set either that afternoon or the next day.

Okay. Jack Terrell, myself, Joe Adams, Adolfo was there, John Hull was there, Felipe Vidal was there, Rob Owen~~s~~. There was one or two others there. I don't know who they were. My memory was refreshed that one of them was called Mario, but it was not Mario Calero. Going in the door, I shook Adolfo's hands, I said, I know about the situation, and I want to take care of it, or, you know, take

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care of it, on my part. That was all said directly to me, you know, between Adolfo and myself, because I was told by Larry Spivey, who had already talked to Adolfo about what we was going to, about drying Jack Terrell up. Rob Owen was there, like I said. Generalities, in the conversation, was that we was talking about trying to find some weapons that the Miskito Indians had that was supposedly surplus. If we could find the weapons, purchase them, trade them, or something like that, I am saying we, as FDN, down there, okay, to get the weapons and turn them over to FDN, because there was supposedly some ground-to-air missiles that was in with those weapons. So, in the general part of the conversation, we agreed to meet later on that evening at the hotel, the Howard Johnson's, where Rob and them were staying at.

Okay, when we went over there, later on that evening, or night time, excuse me, Rob Owen met us out in the hallway, and he asked -- well, he told me that Jack Terrell and Joe Adams wasn't invited to the meeting. So I turned around and told Joe Adams and Jack Terrell they weren't invited to the meetings, and that sort of ticked them off.

Okay. In the meeting, we discussed the part about supplies for the southern front. I just point blank told them we didn't have the funds to ship it all the way down there. So Rob said, that's no problem.

Can I backup? He introduced himself at the house as a coordinator between the private -- American private sector to the FDN. My name is Rob Owen~~s~~, I am the coordinator between the private sector aid and the FDN.

Okay, getting back to the hotel now. I told him we didn't have the funds to ship the supplies ourself. He said how are you shipping them. I told him through Kenner, Louisiana, everything like that. He said continue doing like that, they will just prorate it out. If they have so many troops, they will get part of the supplies, I said, oh, great, that will solve my problem there. We also discussed the part about trainers. He was preferring the ones that knew Spanish, since we didn't have any. He agreed to let some go down there anyway to help us out on PR.

Q Did Owen~~s~~ indicate when he said that he was the coordinator between the private sector aid and the FDN, did he indicate who designated him in that role, who gave him his portfolio, who brought him into the process?

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A At that particular date, no, sir.

Q Did you subsequently learn that?

A Later on, I had heard, from him, that he was working for General Singlaub, because at that particular time, we were begging for somebody to coordinate something because somebody was blowing all this money, duplicating, triplicating all the procedures, and we was begging for a coordinator. I assumed he was the coordinator and General Singlaub was the honcho.

Q To the best of his recollection, did he ever tell you that himself?

A That he was working for General Singlaub, yes, sir.

Q Can you date that, roughly?

A No, it was in the general time frame. I talked to him so many times, I couldn't actually tell you when he said it.

Q Did he ever tell you he was working for Colonel North?

A No, sir.

Q Mr. McFarlane?

A No, sir.

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Q Admiral Poindexter?

A No, sir.

Q Anyone at the NSC or the White House?

A No, sir.

Q Go back to Deposition Exhibit 5, if you would, in the PPS portion it says "Posey has nine more people waiting in Tallahassee, and he has people trying to find some equipment to send down south, including two jeeps and other supplies."

A Yes, sir.

Q Does that ring a bell?

A Yes, sir.

Q So among the types of things you would provide to the FDN would be not only medical supplies and civilian closed and the like, but also vehicles?

A No, sir. At that particular time, an individual by the name of Lanny Duck from Texas, his code name is Doc Zorro, has told us that there was two vehicles that was given to him for the Freedom Fighters. The vehicles never did materialize.

Q When it says you were "trying to find," that's exactly what you were trying to do and they never

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materialized?

A According to the information I had at that particular time, the vehicles was ours, we was just waiting on the delivery and it never materialized.

Q Did you ever -- you, meaning you or CMA -- ever provide any vehicles to the FDN?

A Two motorbikes. I think they were Honda or Yamaha 750s.

Q Were those donated to you?

A Yes, sir.

Q In Alabama, through the normal channel, or how?

A I think they come from a donator in Mississippi. They weren't quite up to par. It took them some money to get them in shape. They were not new vehicles.

Q With regard to the nine people waiting in Tallahassee, what can you tell us about that?

A That's individuals --

Q That was a correct statement?

A Yes, sir. They were individuals that originally -- okay, let me get it in, what you call it, chronological order.

Q Fine.

A We were sending four people down [redacted]. Jack Terrell had just come back [redacted] the 26th or 27th. He found these four individuals at the airport getting ready to go down, and he hijacked them. So that was four of those -- the first four that were supposed to go [redacted] [redacted] didn't go [redacted], and I had to come up with four more.

Q Since I don't have the privilege of knowing Mr. Terrell, would you tell us how somebody hijacks four individuals.

A Okay. He saw them at the airport. They was getting ready to leave the country, he was coming into the country. He recognized them, because two of them was, or three of them -- three of them, I think -- two of them -- two or three of them, he knew from a previous trip down. He recognized them, and he wanted them for his operation that he was wanting to set up in Miskito land. So he didn't know about the [redacted] thing because I had already told him we weren't going to mess with it, because that was a request by Rob Owens.

So I was trying to operate, keep things straight to dry him up and everything. Because Jack Terrell was

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supposed to be under the idea there wasn't no [redacted] operation. He hijacks them, not really, steals them. Then I got the phone call our people didn't show up [redacted] Then I find out from Jack Terrell that he got them and they was at the hotel at Howard Johnson. He was wanting to know what we were trying to do; I said PR, we are helping all the Contras out, whole nine yards, so I got by that. I had to come back with other people, because Jack Terrell, as I said, already started making phone calls about the Miskito land operation. So people are starting to congregate in Tallahassee, Florida, because Fred Henning had gotten a hotel owner to donate the rooms at no cost to the men.

Q To your knowledge, did any of those nine individuals make it south?

A Yes, sir, all of them did.

Q The next statement in this exhibit, in the letter to Colonel North, is "He," meaning you, "even wants to get Cambodians, Laotians and Vietnamese to go down as trainers to make it an international force."

Is that correct?

A Yes, sir. Now, if he is referring to "he" is me, yes, sir, that's a correct statement.

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Q Now finally, when he says "Flacko, F-l-a-c-k-o, is supposed to be back in Florida today or tomorrow," that would be Jack Terrell?

A Yes, sir.

Q Have you ever met Colonel North?

A No, sir.

Q Have you ever talked to him on the phone?

A No, sir.

Q Have you ever corresponded with him?

A I wrote him one letter.

Q Can you tell us what that letter concerned?

A I wrote a letter last summer asking him point blank why was it that we were used, abused and tattooed.

Q This was not a fan letter?

A No.

Q Did you ever receive a response to that letter?

A No, sir.

Q In that letter, did you raise the issue of any assistance to CMA from the CIA?

A No, sir, but I might have said something about we was promised ~~had~~ financial assistance, which we never did receive. We went under operations, you know, like -- yes,

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help is coming, keep in there, hang in there, do this, do that, help is coming and everything. So we did. And knowing the government bureaucracy, we figured it's going to take a while, which it never did materialize.

Q Who made those representations to you that help is coming?

A Rob Owen$ and General Singlaub.

Q Did he ever indirectly take any guidance or instructions from Colonel North?

A To my knowledge, no, sir.

Q Same line of questions regarding Admiral Poindexter. Have you ever met him?

A No, sir.

Q Have you ever talked to him?

A No, sir.

Q Communicated with him?

A No.

Q To the best of your knowledge, have you ever directly or indirectly taken any instructions or guidance from Admiral Poindexter?

A No, sir.

Q Same questions with regard to Mr. McFarlane. Have

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you ever met him?

A No, sir.

Q Have you ever communicated with him?

A No, sir.

Q Have you ever taken any guidance or instructions from him, to the best of your knowledge?

A No, sir. If we did, we could operate a hell of a lot better than we are doing.

Q I want to ask you about what has become known as the assassination plot regarding Ambassador Tambs. Let me start with an open-ended question. Tell me what you understand that to be and tell me what you know about the allegations, or any plot itself to assassinate Ambassador Tambs.

A To me it's a figment of ~~Marcia~~ Martha Honey's imagination throw to know as much mud as possible at CMA because they can't get at us any other way.

Q So, to the best of your knowledge, the source, the origin of that story would be ~~Marcia~~ Martha Honey?

A Yes, sir.

Q Who is the journalist and a plaintiff in the lawsuit in which you are a defendant?

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A That is correct, sir.

Q Did you know Stephen P. Carr?

A I think I met him one time.

Q `He would have been a Naples, Florida, construction worker?

A I don't know.

Q How did you meet him that one time?

A I met him with an individual named Bruce Jones down in Florida.

Q What was the occasion of that meeting?

A I was going down to Florida, if I am not mistaken. I think, February of '85. I took two boxes of uniforms to them because the people were supposed to be getting ready to go down [redacted] We are still trying to get the people together.

Q Where in Florida was that meeting?

A Howard Johnson's there by the airport.

Q In what city?

A Miami.

Q Am I correct that Mr. Carr is now deceased?

A From my understanding, yes, sir.

Q Do you have any knowledge of how he died?

A I read in the newspaper and saw a copy of the autopsy where he took an overdose of drugs.

Q That would have been roughly December of this las year?

A Yes, sir.

Q Do you know an individual by the name of Robert Thompson?

A Yes, sir.

Q How did you come to know him and when did you come to know him?

A I have only met him one time, but I have heard about him before. He was an individual with the Freedom Fighters that was in the hospital when our first group of men went down [redacted] They met him at the hospital down there. As we say at that time, he was adopted.

Q By whom?

A By CMA. He was wanting somebody to help sponsor him, get him clothes, boots, things like that. That's how we come across Joe Adams, Lanny Duck, also. They were already down there. That's the reason we was hollering for coordination, because everybody walking in and out, everything like that. Didn't know what was going on.

Q What do you know about the circumstances leading up to and including the arrest of Carr and Thompson, along with some other individuals, in Costa Rica in April of 1985?

A The understanding that I was given by the news media was that they were arrested for violating Costa Rican Neutrality Act, but they were first charged with violating Costa Rican explosives, because they had hand grenades. When I was proven -- I may have the guards backwards now, it could be one or the other -- my understanding was that the rural guard gave them hand grenades and the National Guard arrested them, or it was vice versa. So those charges were dropped, but the charges of the violation of the Costa Rican Neutrality Act stayed on.

Q So the allegations against them at that time were possession of firearms and hostile negotiations against a foreign government?

A I believe, but the article didn't go into it like you did.

Q Do you know the names of the individuals arrested with them?

A Claude Chiffard.

Q C-h-i-f-f-a-r-d?

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A I believe so. Peter Clibbery.

Q G-l-i-b-b-e-r-y?

A I believe so. John Davies, Tommy Thomas, and I think it was nine Nicaraguans also, sir.

Q When the gentlemen who you just listed for us were arrested in Costa Rica, do you know whether a sniper rifle was seized with them?

A From my understanding, yes, sir.

Q Do you know that the United States Bureau of Alcohol, Tobacco and Firearms traced that rifle to you?

A Possibility, but I don't think they did. I think I told Mr. Feldman in Miami where the rifle come from and everything.

Q Tell us, then.

A The rifle I acquired at Larry's Rifle and Gun in Miami. It was a single shot, bolt action rifle.

Q Did it have a scope?

A Yes, sir. It was given to Panter to hunt with, because at that particular time, the Freedom Fighters down there was very, very limited on funds or anything else. If anything, I wanted them to have the opportunity to eat, and there was a lot of hunting game in that area, because I just

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had come back from that area. That's the reason I gave them a single shot rifle, so nobody could say I was sending automatic arms down.

Q Okay. When the meeting was held, which you already discussed, at the Howard Johnson's outside of Miami, was there any discussion at that meeting of a plot to assassinate Ambassador Tambs?

A No, sir. If there would have been, I would have turned them over to the Feds right then and there.

Q Were you present for all of that meeting?

A No, sir, wait a minute --

Q There was apparently a meeting -- there was a meeting that night, so we are talking, I guess, about two separate meetings.

A I was at both meetings the whole time.

Q Both meetings the whole time?

A Yes, sir.

Q Your best recollection is there was never any discussion of a plot to assassinate Ambassador Tambs?

A Assassinate nobody; no, sir.

Q Let me ask you about a collection of weapons and ammunition. The collection of weapons and ammunition in

Miami for shipment to the Contras [redacted] that may have been a felony on March 6, 1985, in connection with a mission [redacted] with Carr, Thompson and Rene Corbo. Do you have any knowledge of that particular flight?

A No, sir, other than what I have read in the newspapers. The only planes at that time that I knew anything about was supply planes that Dr. Asukarai was getting out of Miami to fly [redacted]

Q For the record, did any of those weapons -- did any weapons which are alleged to have been onboard that flight belong to you?

A No, sir; they were supposed to fly commercial. That was my understanding; that was how they were all supposed to fly down was commercial.

Q But the question is, did the weapons that are alleged to have been on that flight, did any of those weapons belong to you?

A To my knowledge, no, sir. Panter was supposed to do like everybody else was instructed. If they took a weapon out of the country, get their Customs forms so they could get them back in.

Q Were those instructions ever put in writing?

A No, sir. But I think everybody in the organization would verify they were told if they took a weapon out, they better get Customs forms so they can get it back in the country.

Q Did Mr. Carr and Mr. Thompson belong to CMA; were they members of CMA?

A No, sir. Like I said, we adopted Thompson because he was already down there. He already had two years' experience. He knew more than what we did.

Q Do you have any knowledge of Carr and Thompson having been interviewed by the FBI in Costa Rica on March 31, 1986?

A I read an article that they were, but I don't know what it was concerning or anything.

Q Do you know an individual by the name of Alan Saum, S-a-u-m?

A Yes, sir, sure do.

Q Am I pronouncing it correctly?

A Saum, that's the way I pronounce it.

Q Okay. What is the nature of your relationship with him?

A He contacted me the first time, latter part of

February or March of '85, said he just got back [redacted] and that an individual by the name of John Hull told him to contact me.

Q Did you know John Hull at that point?

A Yes.

Q In fact, Hull had been at the meeting at Howard Johnson?

A Yes, sir. I said great. Then he said he was wanting to help out and everything like this. Then I contacted Rob Owens and told him about Alan Saum. I don't think anything ever come out about it. Later on, that July of '85, Alan Saum called again and said that he was going to be down there in a few days, that's Decatur, Alabama. He called me, he showed up, the first time I met him at the Ramada Inn on Highway 31, south of Decatur. I had coffee with him. He said he was from the U.S. State Department and that he was wanting to help out CMA and everything like this but I was working at the time delivering produce, so I agreed to meet him at dinner time or after dinner at Armando's pizza.

Q Saum said he was working for the State Department?

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A Yes, sir. He said he was a major in the U.S. Marine Corps.

To be honest, he didn't look like an officer in nobody's armed forces.

Q Okay.

A I met him after dinner at Armando's. He had a girl with him. Her name was Catherine something. That's when he sat down and told me that she was supposed to go down [redacted] and his mission was to go down and blow up the Russian and Cuban Embassies in Nicaragua.

Q He said he was going to try to get in anti-Castro Cubans?

A No, sir, he didn't say any anti-Castro Cubans. He wanted to go down to help recruit people to help him.

Q To obtain weapons and use them in the destruction of the Soviet and Cuban Embassies in Nicaragua?

A Yes, sir.

Q To your knowledge, did he ever attempt that mission?

A To my knowledge, yes, sir, he did.

Q Did he ask you to participate or help in any way

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or see to it that CMA helped in any way?

A Not CMA in essence, but he wanted information that would help him, yes, sir, he sure did.

Q Did you provide him any information?

A I provided him with information that, to me, was stumbling blocks that could stop him at any time where he would have a -- if it wasn't done in the States, we could stop him down there where somebody, somewhere, could check him out to see if he was real or not.

Q So some information might blow his cover?

A Yes, sir. As soon as that meeting was over, I contacted the FBI to let them know what this guy was up to.

Q You contacted an agent in Huntsville?

A Yes, sir, sure did. I let it be known then that the guy didn't look like a Marine Corps officer. No way.

Q Do you know an individual by the name of Jesus Garcia?

A Yes, sir, sure do.

Q What can you tell us about Mr. Jesus Garcia?

A One of the names I gave Alan Saum. He was a policeman or sheriff's deputy.

Q He was a corporal with the Metro-Dade Corrections

Facility?

A Okay. He was an officer of the law that I had met when I was booked for carrying a pistol that Jack Terrell planted in my suitcase.

Q In Miami in the airport?

A Yes, sir.

Q In, what, roughly January of '85?

A Yes, sir. He had recognized me as working with the Freedom Fighters and everything, and we struck up a conversation and friendship, you might say, like he didn't throw me in the slammer. He let me stay in the holding cell until Jack Terrell and Joe Cotine arrived with the bailsman.

MR. JONES: Off the record.

(Discussion off the record.)

THE WITNESS: As a result of that, he wanted to help the Freedom Fighters and everything like that. At that particular time, Bruce Jones was in Miami, and I put him in contact with Bruce Jones.

BY MR. SAXON:

Q To your knowledge, was Garcia subsequently arrested by the FBI and BATF?

A From my understanding, it it was ATF that arrested him.

Q Would that have been on or about August 14, 1985? Does that sound about right?

A Yes, sir, I was in August.

Q Was he subsequently convicted?

A My understanding, yes, sir.

Q Did Garcia ever tell you that there was an offer of a contract of $1 million for someone to assassinate Ambassador Tambs?

A No, sir.

Q You never had a discussion with him to that effect?

A No, sir.

Q Are you aware of him having had such a discussion with anyone else?

A No, sir, other than what I read in the newspaper.

Q Are you aware from anyone other than Garcia that a contract was placed by Colombian narcotics traffickers on Ambassador Tambs?

A No, sir.

Q CMA never considered such an offer to assassinate Ambassador Tambs in order to collect the $1 million and also try to ~~ship~~ shift blame for the assassination ~~on~~ to the Sandinistas and kill two birds with one stone?

A No, sir, we have been an organization that's been up front. That's the reason I turned Alan Saum in, was I don't believe in striking the enemy in the back. I would rather strike them face to face in the field of battle. We don't believe in 007 games.

Q Do you have any knowledge or information that the weapons supposedly shipped [redacted] on March 6, 1985, were actually to be used in Costa Rica for the plot against Ambassador Tambs?

A No, sir.

Q Tell us about your relationship with Jack Terrell. How did you come to know him? What was the relationship?

A Jack Terrell come to us as a CIA agent, sent to us, to give us guidance and to help the Freedom Fighters out financially or buying supplies.

Q When would that have been?

A The first contacts, I had a couple phone calls from him in September of 1984.

But I had a lot of phone calls from individuals wanting to help out. But he was one of the first ones that actually said, where can I meet you at. I told him I was going to be in New Orleans that week. He believed he could meet me there, because he was closer to New Orleans from Mobile than, you know, he was to me.

So we met in New Orleans. He had a stack of money like that. He said, he has been sent to us by the CIA, "the Company," he called it, to help us out financially and also to get supplies to the Contras.

Q Do you have a judgment of how much money he was flashing at you?

A He said $15,000, but I didn't count it.

Q Continue.

A I said, this is more than I can handle. So I introduced him to Mario Calero. I said, Mario, this is what Jack Terrell wants, he wants to do. I don't have no way of checking him out to see ~~it~~ who he is or anything like that. Can you get approval?

Q For some period of time, did he work with CMA?

A Yes, sir.

Q Was he productive or helpful, or at least for some period?

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A Okay. He was harmful in the long run, but at first he was helpful because he did spend money on supplies that the Freedom Fighters did acquire.

Q He told you this money was coming from the CIA?

A Yes, sir. He said he had to have receipts and everything like this, which was provided. He had to have money somewhere because he stayed at the Hotel Contemporary for about a month there.

Q Did you ever see any of those receipts or any documentation or anything tangible that would suggest either, A, he was in the employ of or under the instructions of the CIA, or, B, that they, the CIA, did provide that money?

A No, sir. I never did see no receipts or anything. Receipts were given to him when he bought some poncho liners, uniforms, things like that. The purchase receipts was given to him.

Q Do you have an estimate of how much money he spent from whatever support derived from Contra supplies?

A Through me, I think he acquired or purchased $2300 worth of supplies.

Q Were these all nonlethal?

A No, sir. He bought a shotgun from me. He said it

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was for his own personal use. There was a personal weapon, because at that particular time, I was a licensed dealer, but that was for El Salvador and only El Salvador. We never did any business or give any weapons to El Salvador. So I never did purchase any weapons for El Salvador on this license. He saw my shotgun, said he needed a personal weapon. From Vietnam, he talked a good line, and a shotgun is good in jungle warfare.

Q He bought that from you?

A Yes, sir. I let him have it for the same price I paid for it, $225.

Q Do you have independent knowledge of the fact that Terrell was interviewed by the FBI on March 5, 1986, in New Orleans?

A Nothing other than what I have read.

Q But your assumption is, or you believe that he has talked to the FBI?

A Oh, yes, sir, definitely.

Q Do you know whether Terrell claims any knowledge of the assassination plot I mentioned earlier?

A I don't know, sir. I know Jack Terrell was in constant communications. I wouldn't say everyday

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communications with Jesus Garcia before, because Jack Terrell called me up that past August, when he was arrested, and wanted to know what was up, because he had been talking to Jesus Garcia's wife.

Q Do you have any knowledge of the fact that Terrell claims that CMA was part of a plan to attack the embassies and assassinate Ambassador Tambs?

A He might have made the statement, but he is full of bull.

MR. JONES: John, I think what you are getting at, we have heard that from various sources with regard to the investigation going on in Miami and also through newspaper accounts. He has apparently been talking to some reporters too. So we are hearing it indirectly, those kinds of things. That's the only knowledge that we have.

THE WITNESS: Also heard it from martha Honey. I met the wench.

BY MR. SAXON:

Q To your knowledge, would all of the parties who supposedly took part in a discussion in the Howard Johnson's in Miami, regarding the assassination plot, have actually been there, whether that was discussed or not, but on the times and the dates that that supposedly took place; to your knowledge, were all of those people there?

A I don't know, sir, because, in their own statements, they admitted I was not there at those meetings, but they said that I had knowledge of such meetings. So I couldn't honestly say if they was there or not. But there is a possibility that all of them could have been there in that time frame, yes, sir.

Q Is it correct that a grand jury was convened in Miami on March 25, 1986, to look into these allegations; is that roughly the time frame --

MR. JONES: We know a grand jury has been convened. When we are not sure.

BY MR. SAXON:

Q To your understanding, what were the things that they were looking at in terms of any involvement you were alleged to have had, and I am not saying you did.

A I was questioned basically on the parts about weapons that went out on the March 5 or the 6th, the Lewis Tambs situation and what I knew about Jack Terrell.

They asked me questions about Rob Owens also, who was at the meetings, what was said and things of this nature.

Q To the best of your recollection, how many times have you appeared to testify before the grand jury?

A Oh, just that one time.

MR. JONES: John, just so you will know for the record, in December, an Assistant U.S. Attorney~~s~~ and a couple of FBI agents came up.

MR. SAXON: Feldman?

THE WITNESS: That was Customs agent though, Feldman.

MR. JONES: Interviewed Tom. He did not have a lawyer at that time. Prior to the Grand Jury appearance, which I think was in February, we had another interview, pre-Grand Jury testimony interview. In addition to the shipments of arms, and Terrell, and I think he said one other thing in question about that, he did talk about the people that were going down the southern front.

BY MR. SAXON:

Q To your knowledge, are you aware of any interference with the Grand Jury investigation, the U.S. Attorney's office, the criminal justice process involving these matters, by anyone at the top levels of the government in the United States?

A No, sir.

Q I am not suggesting you would know that or that they took place, but those allegations have been made.

A Could I get some more coffee?

Q Sure.

(Posey Exhibit 6 identified.)

MR. SAXON: I would like to introduce Deposition Exhibit 6, which is a letter to Mr. Ralph D. Martin of the Department of Justice, public integrity section, dated November 14, 1986, from Rafael G. Lopez of the U.S. Customs Service within the Department of the Treasury.

BY MR. SAXON:

Q Mr. Posey, first of all, have you had a chance to read this?

A Yes, sir.

Q If you would look at the top of page 2, where it says states, and I quote, "There have been multiple investigations of Thomas Posey and the Civilian Military Assistance Group. [redacted] Some o: those investigations that were closed have been referred to the appropriate U.S. Attorneys who declined prosecution.

Review of these closed cases revealed that in one instance Thomas Posey had exchanged letters with U.S. military personnel assigned to our embassies [redacted] In his communications Posey sought guidance in making donations to the contras."

Let me ask you, first of all, have you exchanged letters with our U.S. military personnel at embassies [redacted]

A I have exchanged correspondence with the Embassy [redacted]

Q But you would deny that statement with regard to [redacted]?

A Yes, sir.

Q The [redacted] correspondence would have been with

A . That was strictly for [redacted] not the Contras. The only official I talked to about the Contras was [redacted] about putting us in contact with [redacted]

Q In your best recollection, in communication you had with U.S. military officials in Central America, did you ever seek their guidance in making donations to the Contras?

A No, sir.

Q So you would deny the statement in Mr. Lopez's letter?

A Yes, unless they considered that thing with [redacted] putting us in contact with the [redacted] That was opened up and it was wanting to assist the Freedom Fighters.

Q That was [redacted]

A Yes, sir. A copy of the letter is here that we showed them.

Q Let's talk about the shipment or transport of lethal supplies to Central America. First question for the record, have you ever personally been involved with the shipment of lethal supplies to Central America?

A No, sir.

Q To your knowledge, has anyone in CMA -- first question, acting on behalf of CMA, been involved with the shipment of lethal supplies?

A Definitely not.

Q Second, has anyone --

MR. JONES: Let me interrupt. One question, John. Again, I hate to play word games, but the lethal supplies.

MR. SAXON: Yes. Let me indicate that I am not talking about a web belt on which you can affix a pistol or on which you can affix some other device. I am not going to play word games.

THE WITNESS: We sent some knives.

MR. JONES: That's what I was getting at. There were some knives.

THE WITNESS: Is that what you would consider?

BY MR. SAXON:

Q Let's talk about that. What did you send, what kinds of knives and so on?

A All together about four or five dozen pocket knives and three or four dozen Marine Corps K bars.

Q What is a K bar?

A Just a fighting knife that the Marine Corps [illegible]ues.

Q Like a bayonette?

A No, it don't fix on the end of the rifle. It's a scalping knife.

Q Not a pocket knife?

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A No, sir, straight edge, will not fold.

Q Where did you obtain those?

A Different sources, I buy them at surplus stores, things like that. This was not sent out at one time -- normally what we do, is we take the K bars down, exchange them or trade them for Russian bayonettes or Romanian or Chinese and bring them back up to the states.

Q When those Marine Corps K bars were sent, was that in response to a specific request that came through Mario Calero?

A No, sir, it was from a specific request from the soldiers down there wanting to trade.

Q To your knowledge, did any shipment which CMA participated in of nong lethal, ever wind up having lethal supplies put in with it?

A No, sir.

Q You stated earlier that when somebody would send [illegible] a package, box comes through the mail to you in Decatur from Arizona, you said about 95 percent of the cases you rip it open, repackage and so forth. What about the other stuff?

A That's stuff that was sent directly to CMA to Mario.

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Q Everything that came to you in Decatur you actually had to reopen?

A Yes, sir, we had to.

Q That's important to clean up.

A Yes.

Q That's important to clean up. For the record did you or anyone associated with CMA ever fly lethal supplies to [redacted] forgetting about these knives?

A No, sir.

Q Did you or anyone associated with CMA have any involvement with the flight [redacted] in early 1985 involving lethal supplies?

A To my knowledge, no, sir.

Q If this sounds like I am reasking the same question, we lawyers have to do that.

A Yes, sir, it sounds like it; okay.

Q You know Mr. Jeffrey Feldman, one of the assistant U.S. Attorneys in Miami; is that correct?

A Yes, sir.

Q Are you aware that Stephen Carr told Mr. Feldman that he saw you and Rob Owen and other individuals fly six tons of arms [redacted] and the Contras in early 1985?

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A I am not aware he made the statement.

Q Did you make any such flight?

A No, sir. I have never been with Rob Owens.

Q Did you make any such flight that, if not six tons of arms, may have been more like a single mortar and some firearms?

A No, sir.

MR. SAXON: I want to offer Deposition Exhibit 7.

(Posey Exhibit 7 identified.)

MR. SAXON: If you would take a moment and read it, it is a memorandum to the file by Mr. Brian Bruh, B-r-u-h, dated January 19, 1987.

BY MR. SAXON:

Q Have you had a chance to read Deposition Exhibit 7?

A Yes, sir.

Q I have a couple of questions based on this memorandum. Do you dispute the statement in it attributed to Stephen Carr about the six tons of arms [redacted] to the Contras in early '85 that CMA may have been involved with?

A Definitely.

Q Do you dispute the suggestion that may have been

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lethal shipment but rather than six tons of arms, it involved a single mortar and small arms?

A Yes, sir.

Q Did you ever meet with Adolfo Calero in Miami with Rob Owen to discuss setting up a southern front against the Sandinistas?

A Basically, yes.

Q And in that discussion, did you also discuss the shipping of arms to the Contras?

A No, sir.

Q Did you discuss the assassination of Eden Pastora?

A No, sir.

MR. JONES: Let me clarify one thing, John. Are we talking about one thing in which the southern front was discussed that you mentioned a few minutes ago, there were some discussions about getting weapons from the Miskito Indians to the FDN?

THE WITNESS: Yes. We did discuss weapons from the Miskito Indians --

BY MR. SAXON:

Q Let's exclude that. Were there any other discussions, other than that, about getting arms to the

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Contras?

A No.

Q Do you know anything about the reference here to two separate shipments of 16,000 pounds of 7.62 caliber ammunition in November of 1985 from Miami [redacted] for the Contras?

A No, sir.

Q No knowledge?

A No, sir. I think that to be verified militarily that the Contras were armed with mostly AK-47 ammunition, which I don't think they referred to this caliber in here, so, to me, it would be useless to send ammunition for weapons they are not using anymore.

Q Let me ask you briefly about the incident in 1984 in which two CMA members were killed in Nicaragua.

A Yes, sir.

Q If you would just tell us what happened, what they were doing there, so forth. Who they were, who all was involved, not just the two individuals who were killed.

A We had received word through Mario Calero. If we knew anything about a Harrison 1000, it's a 907 radio rig.

Also, if we did, would they go down and help out

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it on the air. So Bill Courtney said he knew a little bit about communications, so did Walt Blanton. Also at the same time, Mario was talking about the pilot that flew the chopper like an airplane, long take-ins, take-offs, landings. He would do it almost like an airplane instead of going up and down like you are supposed to, he will come in like an airplane. He wanted to know if we had somebody that would go down there and teach them the finer arts of flying a helicopter. We did. That was Jim Powell from Tennessee. He was a helicopter pilot shot down three times in Vietnam. That started in July of '84.

So we had a meeting in Memphis, Tennessee, July of '85, latter part, where we had an open house meeting; at the VFW. This was discussed about the possibility of even sending a parachutist down there to teach them how to jump out of the helicopter and everything. That's where Cliff Albright comes in; he is a parachute rigger and instructor.

As a result of these discussions, we agreed we would get five or six people to go down and teach helicopter take-offs and landings, communications and also parachutes. That's where the first team come down to go to Central America. They left the latter part of August to go down

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there. Cliff Albright, Lou MacKnight, Jim Powell, Dana Parker, Walt Blanton and Mario. I don't think I left anybody out. To do this, they were to supposed to take two weeks, that's all they could take off work, for two weeks vacation; they took off for two weeks.

A little bit past the first week, week before they were supposed to come back before a Saturday, I had heard from a sympathizer, supporter, from Mississippi, that he just heard on the radio that an American helicopter was shot down in Nicaragua, and that did scare me. I called down to New Orleans and found out from Mario's son that he was coming in that afternoon. This was Sunday morning. He said, yes, Mario was coming home that afternoon. That scared me, because he wasn't supposed to be in till the following week.

So I told my wife I needed to go to New Orleans. I jumped in the van, gassed up, went to New Orleans. I got there approximately an hour after he did. He walked in, and I could tell by his face that something was bad wrong, and I asked him what was wrong and he told me, Jim and Dan were dead. And he told me how they died.

Since then, I have heard another story on how they died. I have heard two stories.

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Q All right. Convey to us what they are.

A The first story was that Cliff was working with [illegible] FDN on parachuting, you know, basic jumps, PLFs, things [illegible].

Q What is a BLF?

A BLF?

Q PLF.

A It's the way you land, land and roll, like this, so you don't break your legs. Dana and Jim was working with [redacted] on the helicopter, taking off, landing flying on the heels, so he is not a high target to be shot down by a missile. They were practicing this, Dana jumped out of the helicopter and hollered something to Bill Courtney; they had received a call for medical evacuation. What little bit of Spanish Bill Courtney knew and what little English [redacted] knew, Dana jumped out and translated that they were going for a medical evacuation. So they jumped back in the helicopter and left, and that was the last they ever seen of them. I knew, they were shot down.

Then the second story I heard was that there was an attack on Santa Clara by some FDN aircraft, and that the helicopter showed up right in the middle of it and they were

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shot down.

Q Showed up unintentionally?

A No, sir, that the helicopter showed up, it was in the middle of the combat.

MR. JONES: Not necessarily unintentionally, I assume.

THE WITNESS: I don't know.

BY MR. SAXON:

Q At that point, then, you more or less embraced, with their unfortunate deaths, it was sort of left to you as the ring leader of CMA?

A Yes. As a result of that action, I was totally put out on the limb by myself, because Dana was dead, he was one of the founders. Bill Courtney and Ray Potter was working for the Alabama National Guard, and they were ordered hands off, do not have anything to do with CMA.

Q Do you know who gave them that order?

A Yes, sir, or one of them that gave the order, Colonel Bogs.

Q Do you have any knowledge whether that order came directly from Governor Wallace?

A No, sir, I don't.

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Q Prior to that point it had been more or less a shared leadership of CMA?

A Yes, sir. Realistically, we was only four people for the first eight months. Then we got our first volunteer and that was Walt Blanton. That was in February of 1984. We started this in June or July of 1983, but nobody took us serious. Then we made the trip [redacted] for the first time, came back with the photos. As a result of the publicity, we got Walt Blanton. Two months down the road we met the people in Memphis, I forget the guy's name, it's on the tip of my tongue. Anyway, he was the guy -- he was in the National Guard too, in special forces, and he started a chapter in Memphis in May of 1984. Don Gilmore is his name.

Q Do you have any knowledge of whether Governor Wallace may have ordered or instructed any Alabama National Guard personnel who were on their own time engaging in activities in Central America to assist the Contras, whether Governor Wallace ordered had him to get back to the state?

A No, sir, because I know who was involved and what was involved and everything like that. I don't even think Governor Wallace knew where Nicaragua was.

Q However, he heard of the Boland Amendment?

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A Yes, sir.

Q Tell us of what your best understanding is of what it did or didn't do.

A The way I understand the Boland Act, no employee of the U.S. Government could have anything to do with the Contras.

Q Since you are not a lawyer, and I am not sure that would help you, I am not trying to ask you for fine legal definitions or even time periods. Did anyone in the U.S. Government ever explain the Boland Amendment to you or offer you anything in terms of written guidance, legal opinion, or analysis of the legislation, for use in your activities with CMA so you wouldn't run afoul of the law?

A No.

Q Nobody from the government ever in any way tried to explain the Boland Amendment or give guidance on that?

A No.

(Whereupon, at 12:20 p.m., the deposition was adjourned, to reconvene at 12:40 p.m. this same day.)

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AFTERNOON SESSION (12:50 p.m.)

Whereupon,

THOMAS V. POSEY

resumed the stand and, having been previously duly sworn, was examined and testified further as follows:

EXAMINATION (Continued)

BY MR. SAXON:

Q Now that we are back on the record, it's my understanding that there are one or two details that you wanted to provide to further explain a couple of your previous answers.

A Sometime in the latter part of January, before the trip [redacted] that I made.

Q Of 198 --

A 5. Larry Spivey, who initiated -- helped initiate the meeting down in Miami, brought me down to Washington, D.C., under the pretense of meeting somebody, and the reference was basically given that it was Ollie North. So I sat for four or five days up there, or three or four, somewhere in there, and I didn't meet nobody. Then I was at the Hotel Vista, with Larry Spivey late one evening, and Rob Owens come in, and the question was asked of him, well,

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what's to keep me from going on down [redacted] He said nothing, you are free to go. But, at the same time -- okay, at the same time, Larry Spivey made a phone call from his hotel room to the FBI agent in Huntsville, Alabama, Gwen Huffler, he said as soon as Ed Meese was confirmed as Attorney General.

Q Edwin?

A Yes. Whatever his confirmation came through or however they do it, that everything was going to be taken care of it. When I got back to Alabama a week or so later, I met with Gwen Huffler. Gwen was upset for the mere fact that Larry had used his last name like he was personal friends with him over the telephone, and he is not, but he was -- admitted to be a personal friend with George out of Miami, the FBI agent out of Miami, that they had worked together before. George had asked me, was there any agent that I could work with; I like Gwen Huffler because he seems pretty aboveboard. He said great, because we used to be partners.

Q Let me ask you a couple of follow-up questions based on that. You say Spivey brought you up under the pretense -- with the representation that you would be meeting certain people. Who used the name of Oliver North?

A Larry Spivey freely used Oliver North and Robert McFarlane in his conversations.

Q As far as you know, was any effort made to set up a meeting?

A According to what Larry Spivey told me later, and I heard from a newspaper reporter also, yes. He went to Ollie North to ask for the meeting, and Ollie North turned it down because of the Boland Act.

Q Spivey communicated that back to you?

A Not directly, no, sir. It was later on that I found this out through a news reporter.

Q In terms of the call which made reference to Attorney General Meese, after the call was made, did you ask Spivey about it, what he meant by it?

A No, sir.

Q Did you ask him what his information was, to permit him to make that assessment?

A No, sir.

Q Didn't ask any questions about that at all?

A No, sir. I did talk to Gwen about it.

Q Did you understand what he meant when he said "everything will be all right"?

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A Yes, sir. He had asked us if we were on any computers or anything of that nature. He said, yes, we are on the computers in Customs. I think there was a reference made to the possibility of getting us off the computers in Customs, which never was done.

Q The context, though, to make sure I understand this, was in terms of some kind of adversarial proceeding in which you may have been a party, some kind of investigation, some kind of information gathering by the government?

A I don't know your terminology, but in reference, the part about every time we come back in the country, Customs would go through everything that we had. It was embarrassing; we could be the first ones in and the last ones to leave. We thought that was discriminatory, really. Why were they picking on us? We were supposed to be the good guys.

Q So there was an understanding on your part in some affirmative way Attorney General Meese would do something to make life easier for you guys?

A Yes.

Q Anything else you could think of on these points?

A Just a second, please.

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In this same time frame, February-March, and I think it was concerning Alan Saum, in particular, when he first called me, I let it be known to Rob Owen and everything like that, Rob Owen come back to me and told me, he says, well, since you are talking to the FBI and everything like that, continue to talk to the FBI. I said, what do you mean? He said, well, he let it slip that, you know, we have accessibility to computers. I told Gwen Huffler, shortly thereafter, that day or the next day or something like that, that their computers weren't safe because basically everything I was telling him, Rob knew about already. Gwen got a little upset with me with that statement, like he was betraying me, which, if he did, he took it wrong. I was just telling him his computers weren't safe.

Q Meaning Justice Department computers, FBI computers?

A Yes, sir. If I was going to be cooperating, I didn't want to end up dead.

Q Did you ask Rob Owen when he meant by that, or what his means of access to Justice Department data was?

A No, sir. I felt like it was none of my business.

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Q But, if I understand what you just told me correctly, it was apparent to you that there were things that you had communicated to the FBI of which Owens had rather complete knowledge?

A Yes, sir.

Q That he did not gain from you telling it to him?

A Right, sir. He knew that I was talking to the FBI, giving them information.

Q He was getting that same information from somewhere?

A I assumed, yes, sir, due to the tone and nature of his conversation, he knew that I was talking to the FBI. That's when I really knew then that it was something upstairs.

Q Anything else on this point?

A I don't think so.

Q For the record, let me ask you if you know or you are familiar with F.A. Connor Air Cargo. Did you ever use them for anything?

A That sounds familiar. I not sure, sir. There was about three or four different companies that flew supplies for the freedom fighters out of New Orleans. Connors Air --

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if they go by Connors Air, it does sound familiar.

Q Let me ask you about a military and U.S. civilian exercise called RECS 84, all caps, R-E-C-S, 84, was a readiness exercise of FEMA, the Federal Emergency Management Agency, in conjunction with a military operation by the code name of operation "night train," that took place in 1984.

Do you have any knowledge of such an exercise by those names?

A No, sir.

Q The exercise supposedly involved National Guard units around the country, in conjunction with FEMA, trying to see how they would respond and act in a state of national emergency. The allegations are that arms and ammunition were to be specially issued to these National Guard units, and that through some funny bookkeeping, only half of the arms, half of the ammunition, was to be turned back in, and that the other half was to go to the Contras. Is this something of which you have any knowledge at all?

A No, sir. That wouldn't be possible in the first place, because the weapons that are used down in Central America, they do not like, and they actually hate the American M-16 because it's so prone to jamming in the jungle

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atmosphere, that honest to goodness, they don't throw them away, but they just don't use them.

Q But if they have them could they barter, trade, swap?

A There's always that; if there were, they could do that.

Q My understanding is they did that with knives; right?

A Yes, we traded them knives, yes.

Q Do you have any knowledge that they did that with U.S. arms, M-16s?

A No, sir. I only saw maybe half a dozen M-16s down there.

MR. JONES: John, go off for just a second.

(Discussion off the record.)

BY MR. SAXON:

Q For the record, let me ask about the Christic Institute. You are a Defendant in that suit in Federal Court in Miami; is that correct?

A Yes, sir.

Q To your best knowledge, is there any truth to any of the allegations that the Plaintiffs make with regard to

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you or CMA?

A On the complaints, no, sir. None of it is true at all.

MR. ~~[illegible]~~ Saxon: ~~John,~~ Tom let me clarify that; that's a long suit, there are certain given allegations involving gun running, drugs, et cetera, et cetera. That's an important point to make, and that's what I intended to ask.

MR. JONES: He also has other counsel in Miami that is handling that.

MR. SAXON: Tom, you have a couple of things you want to clean up from this morning?

MR. YOUNG: Yes, if you don't mind, Mr. Posey.

EXAMINATION

BY MR. YOUNG:

Q You mentioned Mr. Humphrey. When did you met Mr. Humphrey?

A I met him at a convention, Phantom Division, April '85.

Q Did he propose that he would provide you with funds?

A No, sir. That's when I met him.

Q How did it come about that he was going to be paying you a monthly stipend?

A Can we go off a second?

MR. SAXON: Sure.

(Discussion off the record.)

THE WITNESS: About a year ago, he knew from all this mud slinging and adverse publicity that we was receiving, my business was suffering financially big time. At the same time, he helped us buy a computer. He bought the computer in our office and we asked him to come on as a member of the board of directors. Him finding out that we was in a financial sad shape, he offered to give us, not like a salary, but a loan. He puts it out as a loan, that will hopefully be paid back one day. That's the way it is on the records, as a loan to be paid back one day. If not, it will be adjusted, if we get a tax deduction, in the legal way.

BY MR. YOUNG:

Q How much was the computer?

A $27- or $2200. One of the two.

Q Did it go to you personally?

A It went to CMA Memphis, sir.

Q That's where the money still goes through?

A I see what you mean now. I receive a check each month. He takes care of the office expenses in Tennessee, which is $1000 a month.

Q Do you know if he provides any other support money for the contras?

A He has donated money to the contras, yes, sir.

Q Do you know who he gave that money to?

A I may be mistaken. It seems to me the first check he wrote to the contras went to General Singlaub, in the form, I think, it was $20,000 and a couple of $1000 checks afterwards.

Q To Singlaub?

A No, sir, the first check. So he could get a tax deduction on it. Then I think he wrote a check or two after that, smaller amounts, but I think it went to the Nicaragua development council. I could be mistaken on it, but it seems to me that is what he said.

Q Is Mr. Humphrey a U.S. citizen?

A He is, sir.

Q But he lives in the Cayman Islands?

A He lives down there, but he has a home in Memphis, Tennessee. He is a good guy, southerner.

Q In your earlier statement you said you knew where

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Jack Terrell got his funds.

A Yes, sir. During this time frame, I had found out from other sources, and also, the other sources, one of them was Lanny Duck and Jose Cotine and Alex Martinez, that Jack Terrell was getting funds and expenses paid by Maco, [redacted] Stewart, [redacted] who owns Stewart Petroleum Texas. Lanny Duck was working for Maco Stewart; Jack Terrell, finding this out, went out there, got Lanny Duck fired and took over his job, where Maco Stewart was paying his expenses and everything. That's how the operation from Miskito land was financed. Also, with the help of Jose Cotine with an individual by the name of Alex Martinez, who they got the tickets from. Miami sent a man down to Miskito land.

Q Maco Stewart is --

A He is the owner or president of, whatever it is, of Stewart Petroleum.

Q He is the owner?

A One of the two. He is the big boss man.

MR. JONES: Do you know whereabouts in Texas that was?

THE WITNESS: Houston.

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BY MR. YOUNG:

Q One more question. I might have misunderstood. You said you think that Humphrey gave Singlaub that first check of $20,000?

A Yes, sir.

Q Do you know of anybody else that Humphrey gave money to?

A Besides us?

Q Besides you, yes, Singlaub.

A He had given money to Singlaub.

Q And the Nicaraguan force?

A Yes, sir. I think he was given funds at that time to ~~messenger --~~ Messing?

MR. SAXON: Messing.

THE WITNESS: Yes, sir, Messing. That's just hearsay on my part there.

EXAMINATION

BY MR. SAXON:

Q Is there currently pending a Customs investigation against you or CMA?

A I don't know.

MR. JONES: John, just -- off the record.

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(Discussion off the record.)

BY MR. SAXON:

Q What do you understand your status to be in terms of the investigation going on out of an U.S. Attorney's office in Miami?

A I think they said the terminology was subject, subject.

MR. JONES: Again, to let me clarify. My most recent conversation with Jeff Feldman. He said we might be on the borderline of being changed to target, and that we anticipate him coming to Birmingham within the next four or five weeks to see if we can clarify some points.

BY MR. SAXON:

Q Let me ask you for the record a few questions about the topic of drug running.

First, the general question: As far as you know, have you or anyone associated with CMA been involved in bringing contraband drugs back from Central America on any trips made down?

A There is one individual. Walt Blanton got caught with, some, I think they call them quaaludes or something like that, coming back into the United States, in Houston,

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Texas. That is one of the things, the reason Walt Blanton isn't with us.

Q Other than that, your answer would be no?

A Definitely.

Q For the record, would you have any knowledge of a trip from Colombia to Miami in 1984 involving CMA which would have brought back between $50- and $70,000 worth of cocaine?

A Gosh, no. We didn't even come up with the name CMA until November or December of 1984. Excuse me -- that was '83.

Q Would you be aware of any flight from Colombia to Miami in the '84 time frame in which an aircraft with cocaine would have stopped at John Hull's ranch in Costa Rica to refuel?

A No, sir.

Q Do you have any knowledge of a meeting in early 1985 which would have included Terrell, a member of the 2506 brigade and John Hull at which cocaine shipments would have been discussed?

MR. JONES: This is in early '85?

BY MR. SAXON:

Q Early '85.

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A No, sir.

Q I believe you stated earlier -- let me just close this out, if I can -- that you were never at any meeting at which a plot was discussed to kill Eden Pastora?

A Absolutely not.

Q Same answer regarding Ambassador Tambs?

A Right.

Q Are you familiar with an organization called CANAC?

A No, sir.

Q Tell me if you know a gentleman by the name of Rene Corbo.

A Yes.

Q What is your relationship with him and how did yo meet him?

A I met Rene Corbo for the first time [redacted] when I went down in the middle of January, '85. He was there as a representative, in essence, you must say, of the Cuban community. That's when I first found out that the Cubans was supporting the freedom fighters down south, because we was trying to solicit the help of the Cubans. Couldn't figure out why we wasn't getting no help from them.

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They were already helping them. Rene Corbo and Felipe Vidal.

Q Did you have any joint missions with Corbo?

A I wouldn't say "mission." I went out in the field with him to see the camp for the first time.

Q Did you and Corbo recruit five mercenaries in the time frame between January and March of '85 to fight with and train Contras [redacted].

A No, sir, no mercenaries. I had four of my people go down as volunteers to help train.

Q Who were these people?

MR. JONES: Let me -- Tom and I discussed this earlier. That's why I want to interrupt, because the word "mercenary" gets bantered back and forth a good bit. Let him explain to you his definition of a mercenary so you will know. You may want to change your language.

MR. SAXON: That is a loaded word.

THE WITNESS: Mercenary is a soldier that gets paid. He has no allegiance and cause that he fights for. He fights for whoever pays the money. Our people were anti-Communist who were not getting paid. You can't even classify them as a mercenary.

BY MR. SAXON:

Q I accept that. Let me rephrase the question.

Were you and Rene Corbo involved in trying to find and place five individuals in the time frame between January and March of '85 to fight with and train the Contras [redacted] specifically Mr. Carr, Mr. Thompson, Mr. Glibbery, Mr. Davies and Mr. Chiffard?

A Half of that is right.

Q Tell me about the part that is ~~[illegible]~~ wrong?.

A The part about me and Rene Corbo. No, sir, Rene didn't have anything to do with that part. I was working with Bruce Jones. Everybody but Stephen Carr, those other four individuals, Glibbery, Davies, Chiffard and Pantera was as a result of me. Because I knew at that time, at that time, Corbo was down south and he didn't show up back in Miami until the telethons in Miami.

Q So if Glibbery, Davies, Chiffard told Mr. Feldman of the FBI that they were recruited by you, you would take issue with that statement?

A Definitely, sir, because they all contacted me. I did not make the initial contact with them. They contacted me, wanted to assist with the freedom fighters. Claude

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Chiffard contacted me through an individual named Mr. Keys.

Q Did Glibbery and Davies contact you through a fellow named Mr. Frank Camper?

A Yes, sir.

Q Tell us about that.

A I received a phone call February of '85 from, if I am not mistaken, Peter Glibbery, that they was wanting to go down south. They had just gotten in from England, things of that nature, this would go along with ~~G~~rand ~~J~~ury, ~~F~~reedom ~~F~~ighters, all this other good stuff. I met him at a gun show in Birmingham, both of them, Davies and him. Also with them at that time was Frank Camper. That's when I found out the Camper connection.

Q Did you tell Glibbery, Davies and Chiffard to contact John Hull?

A John Hull [redacted] they were supposed to meet him down there. They were supposed to wear a red baseball hat so they could be recognized when they come to the airport. But they were supposed to go to Miami, upon departure from the country, to fly out commercial, and they were supposed to coordinate with Bruce Jones, who was staying at the Howard Johnson's.

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Q In March of 1985, did you get a phone call from Chiffard, do you recall that, when he asked you about a personal matter?

A No, sir.

Q You don't recall it?

A Claude Chiffard's English was mighty bad with a French accent and everything. I am not sure.

Q Do you recall a phone conversation in the time period of the spring of 1985 in which you asked him if I would help train Contra soldiers [redacted]

A Yes, sir. That wasn't in March, that was in February.

That was in Mr. Keys' house in Massachusetts. They initiated the phone call. He was wanting to go back down south. I told him the only place we had at that particular time he could go, because we weren't sending anybody through FDN, was [redacted]

Q Did you put Alan Saum up to setting up Jesus Garcia for arrest on possession of a machine gun and a silencer?

A No, sir.

Q To your knowledge, is it true, as Jack Terrell

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told an FBI agent in New Orleans by the name of [redacted] [redacted] that an emissary from the Ochoa drug family met with you, Jesus Garcia, Rene Corbo and Francisco Chanes in Miami in January or February of 1985?

A That's a total falsehood.

Q There was no such meeting?

A There was not.

Q You weren't offered $1 million to kill Ambassador Tambs?

A Lord, no.

Q There was no point in which Adolfo Calero authorized you and CMA to attack the American Embassy in Nicaragua and Costa Rica and Soviet Embassy in Costa Rica?

A No, sir.

Q Did you ever supply any clay, ~~for~~ more mines to be used for an embassy job?

A No, sir.

Q I want to ask you about some other individuals who have been labeled "mercenaries." But I will ask you if in roughly the timeframe in November of 1984, you were involved in helping recruit 10 individuals to help fight with the FDN [redacted]

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A No, sir.

MR. JONES: Off the record.

THE WITNESS: I was responsible for getting some individuals to go and help the FDN train; yes, sir.

BY MR. SAXON:

Q But you contacted those individuals?

A No, they contacted me.

MR. SAXON: I will offer Deposition Exhibit 8. Will you mark that, please?

I'll give you a moment to look at that.

(Posey Exhibit 8 identified.)

BY MR. SAXON:

Q Have you read it?

A Yes, sir, I read it.

Q I would like you to turn your attention to Deposition Exhibit 8, which is a cable from two individuals bearing the initials DV and BT. Let me ask you if you know an individual by the name of [redacted]?

A To my knowledge, no, sir.

Q Never met someone who would have been a copilot o any flights in March of '85 and June of '86 by that name?

A To my knowledge, no, sir.

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Q Do you know Robert Thompson?

A Yes, sir.

MR. SAXON: For the record, let me say that our evidence is that DV in this cable would be [redacted] and BT would be Robert Thompson. It is to an individual [redacted] [redacted] who would appear to be an employee of the CIA, and I will leave it at that.

BY MR. SAXON:

Q If you would, Mr. Posey, look at the matters that are asserted in this cable in which on April 12, 1986, with regard to the UNO southern force, there was a drop completed, and when told about it, someone who is called [redacted] almost "cried in grateful appreciation." Do you know someone who would be called [redacted] by that name?

A Only one I would know is [redacted].

Q That would be [redacted]?

A I guess. I just heard him called [redacted].

Q Is that a drop you would have any knowledge of in that time frame?

A No.

Q Where it talks about a lethal drop to UNO south, is that a drop of which you would have any knowledge?

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A No, sir.

Q Where it says that "carrying all remaining cashed lethal materiel to join UNO south force," is that something of which you would have knowledge?

A No, sir.

Q Do you have any idea why these individuals would be concerned about press accounts involving Terrell and CMA in terms of arms investigations in drug trafficking?

A No, sir, other than the part up here that says "new subject," sort of like starting a new thing.

Q Have you seen this document before today?

A No, sir.

Q Do you know an individual by the name of Evan Gelio Fenjol, or something like that, E-v-a-n, G-e-l-i-o, F-e-n-j-o-l?

A To my knowledge, no, sir.

MR. JONES: What was that last name again, John?

MR. SAXON: F-e-n-j-o-l.

BY MR. SAXON:

Q I am going to go back to the allegations regarding lethal shipments that may have been involved, the allegations that are that CMA may have been involved with Rene Corbo

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first on March 6, 1985, then on June 13, 1985.

To your knowledge, was CMA involved in any shipments of any items from Ft. Lauderdale to [redacted] or those dates?

A No, sir.

Can I make a statement?

Q Sure.

A After our people were arrested in Costa Rica, I let it be known to Rob and everybody else we weren't going to do a dad gum thing [redacted] until we get our people out of jail -- that was in April of 1985 -- other than to try to get our people out.

Q Would you have reason to know -- would you have reason to doubt a statement that Mr. Carr gave to Mr. Feldman regarding Carr's having seen weapons onboard the March 6 flight; is that something of which you have any knowledge?

A No, sir, I don't have any knowledge of that aircraft.

Q Do you know an individual named Jaime Ortega? Do you have any knowledge of allegations that Jaime Ortega may have said to Mr. Feldman that he saw weapons onboard a June 13 flight from Ft. Lauderdale to [redacted] which CMA may

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have been involved?

A No, sir.

Q Have you ever been to Rene Corbo's mother's home in South Miami?

A No, sir.

Q Would you have any knowledge as to whether weapons were stored there on a regular basis?

A No, sir.

Q Any knowledge that weapons had ever been stored there?

A No, sir.

Q Did you ever give Bob Thompson an AR-15 and a 308 caliber sniper rifle?

A I gave him a 308 hunting rifle only.

Q What is an AR-15; do you know?

A AR-15 is the semiautomatic version of the military M-16.

Q You did not give him that?

A No, sir.

Q Have you ever heard of [redacted] of the name of [redacted]?

A No, sir.

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Q What can you tell us about any CMA involvement on an assault on the [redacted] Bridge -- I don't know how that is pronounced [redacted] the [redacted] Bridge. Does this ring a bell?

A I have heard the story.

Q What do you understand the story to be and tell us if it's something that you have personal knowledge of.

A I have no personal knowledge of it, just other than the story that was given to me by Jim Adair, Joe Adams and Russ D. Rossi. The story that was given to me is that Jack Terrell, after they was down there, approximately two to three weeks --

MR. JONES: Put a time frame on that.

THE WITNESS: March, I think, 1985. After they was down there for two or three weeks, morale is low, everybody going to pot, Jack Terrell decides an operation. Jack Terrell sends them, supposedly in, to blow up a bridge. Only trouble is, they can't find the bridge. So they come out, Jack Terrell didn't go in, because he couldn't hump his own pack, and a little old lady carrying his pack made him embarrassed. At the same time this is supposedly going on, Jack Terrell is in Washington, D.C., trying to get $100,000

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from the U.S. Government.

He contacts me from a hotel or motel, seems to me the name started with "Gold" -- the name was Gold something. He wanted to know Meg Hunt's phone number so he could contact Jeremiah Denton's office to try to get the money. Then at the same time he wanted to try to talk to Brian Barger because he knew Brian Barger had an ~~[illegible]~~ informant in the CIA that he might be able to get money from. I asked him what was he doing up here. He said getting money and he told me the men were surrounded by Sandinistas and some other bull crap. This is shortly before they got booted out of the country.

Q Is it your best judgment that never took place?

A I will be honest with you, they might have gone in the country but never tried to blow up a bridge.

Q At that time Terrell was affiliated with the CIA?

A Yes, sir.

Q You and he were on more or less decent terms?

A No, sir. He was sent to the Miskito area to try to dry him up financially or to find out where he was getting his finances from for sure.

Q What do you know about the effort in early 1984 to

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establish state defense forces throughout the states, particularly in the south. Do you have any knowledge of that?

A No, sir.

Q Do you have any knowledge of the state defense forces that were established in Louisiana, Alabama and Texas?

A No. You are not talking about National Guard; are you?

Q No.

A No, sir.

Q Have you ever, on behalf of CMA or individually, obtained surplus U.S. Military equipment to provide to the Contras?

A Could you clarify that and specify it.

Q Excluding ponchos and web belts and things like that, things that are lethal -- Have you ever obtained surplus U.S. military equipment, lethal military equipment, for provision to the Contras?

A No, sir.

Q Have you ever obtained any such equipment from units or individuals of the Alabama National Guard --

A No, sir.

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Q -- for the purpose of giving them to the Contras?

A No, sir.

Q From any other state National Guard?

A No, sir.

Q From the United States Army?

A No, sir.

Q From the U.S. Army Reserve?

A No, sir.

Q From the 20th Special Forces unit in Alabama?

A No, sir.

Q And from a -- have you ever been involved in procuring or obtaining a surplus airplane from the U.S. Army, U.S. Air Force, in New Jersey, to give to the Contras?

A No, sir.

MR. SAXON: I will have you mark as Deposition Exhibit 9, a memorandum for the record from an individual of the Central Intelligence Agency named on page 2. I will give you a moment to look at that.

(Posey Exhibit 9 identified.)

THE WITNESS: Okay. I read it.

BY MR. SAXON:

Q This memo purports to evidence that at one point

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you contacted the CIA for help in finding out who the "good guys" were in Central America. Is that correct?

A Yes, sir -- well, yes and no, okay?

Q Explain.

A I wrote a letter to them.

Q To CIA?

A Yes.

Q To who?

A Washington, D.C.

Q CIA Washington, D.C.?

A Yes.

Q That's a problem, it's Langley, Virginia.

A I didn't find out about that until a year later. I wrote to them telling them we wanted to help with the Freedom Fighters and we were about to get into a gray area. Please let us know, because we didn't want to cause any trouble for anybody. They never wrote back. I didn't know they got ~~a~~ the letter until the following year, November of '85.

Q Do you presently have a copy of that letter?

A No, sir. They said they turned it over to the Justice Department, so they should have a copy of it.

MR. SAXON: Let me ask that this be marked as

Deposition Exhibit 10.

(Posey Exhibit 10 identified.)

THE WITNESS: Yes, sir.

BY MR. SAXON:

Q I am going to direct your attention to page 2 of Deposition Exhibit 10. This exhibit is a cable [redacted] [redacted] The date is January of '85; I believe January 16.

A Yes.

[redacted]

Q Possible participation with Cuban funding of and material campaign for the support of the contras?

A Right.

Q The sender of this cable indicates that he was also under the impression that Tom Posey would support the Miami campaign.

A Right.

Q If you drop down to 4, it says, a large sea shipment of -- if you direct your attention to numbered

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paragraph 4 of page 2, it indicates [redacted] a large sea shipment ~~[illegible]~~ container of support matericl is ready for delivery [redacted] "Packed among clothing supplies within the container will be unspecified weapons." [redacted]

Let me ask, is this an operation, mission or campaign of which you had any knowledge prior to seeing this document today?

A I hadn't seen the document before today, no.

Q No, but the operation, mission, the campaign that it talks about and references in there involving a large sea shipment?

A That I don't know nothing about.

The support in Miami, I attended some radio telethons in March of 1985 to raise support of finances and supplies for the Freedom Fighters. But that support was not given to me, nor the supplies. They were given and brought to the radio stations there in Miami and left there for the

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Freedom Fighters.

Q Were you [redacted] at the times suggested here?

A Pretty sure, yes.

Q Did you have any dealings with [redacted]?

A I don't know if I did or not. There were some individuals, as given in my statement to Feldman. There were two or three individuals that were with us. I did not remember their names. The only one I did remember, the two individuals, Rene Corbo and [redacted]

Q To your best recollection, you were never any part of effort, campaign, mission, whatever to send supplies to the contras in a container that would have clothing but packed within the clothing would be weapons?

A Not to do it the way you stated, no, sir.

Q Was there another effort to do it another way that involved clothing, weapons?

A No weapons, no, sir. To give supplies for the southern front, yes, sir.

MR. SAXON: Let me have you mark this as Deposition Exhibit 11.

(Posey Exhibit 11 identified.)

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THE WITNESS: I have read it.

MR. JONES: John, by the way, what are these? What kinds of cables are these?

MR. SAXON: What kinds of cables?

MR. JONES: Yes. Are they National Security Council cables?

MR. SAXON: No. These are CIA cables, normal cable traffic.

BY MR. SAXON:

Q If you would tell us whether you have seen this cable before today.

A No, sir, I haven't.

Q This cable dated 22 January of '85, [redacted] indicates that in the time period of 18 to 21 January, you were in Central America. Does that sound about right?

A Yes, sir.

Q During that trip, did you go [redacted] [redacted]?

A Yes.

Q Do you have knowledge of 30 Nicaraguans being housed [redacted]?

A I don't know the name of the town, but there was

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camp of about 30 to 40.

Q Tell us about your involvement with those individuals and the purpose of that trip, who you saw and what you did.

A Okay. The trip was made to the camp, Rene Corbo, myself [redacted] and one or two others went to the camp. While I was at the camp we observed how it was set up the camp was fairly knew, because they hadn't had a chance t be weeded out and everything.

Support on the equipment, stuff like that, I promised them tents, uniforms, medical equipment, supplies, things of that nature, but no weapons.

Q No weapons?

A No weapons.

Q Where it indicates that [redacted] in addition" -- I am quoting, [redacted] "in addition to full military equipment for 30 men, an unspecified amount of M-16 like machine guns would be provided by Posey to assist the training of the underground anti-Sandinista forces."

First of all, with regard to the full military equipment to the men, did you make a representation or promise that you would provide military equipment to those individuals?

A Military equipment in my opinion was clothing, boots, mess equipment, packs.

Q About the machine gun. Did you make any effort to procure or provide machine guns to these individuals?

A No, sir.

Q Did you tell anybody during that trip that you would try to make such an effort?

A No, sir.

Q Basically you would deny the assertion in the cable?

A We never discussed weapons with anybody. From the very beginning, Adolfo Calero made it plain. He did not want fighters, nor did he want weapons from the United States. The only thing he wanted was assistance in training and supplies, and that was it. That's the game rule that we have played with ever since. I offered, at one time, ammunition that we had collected. They wanted to know if we had an end-user certificate. They said no; if we do not, we cannot touch it.

Q When did you make that offer?

A When we was down [redacted] the first time.

Q Which would have been when?

A January of '84. They wanted to know if we had an end-user certificate. We said, no. We didn't even know wha' it was. They said, well, we can't touch it.

Q When and where and how would you have gotten that Ammunition? ~~information?~~

A Collected over years.

Q Did you personally?

A Yes, it was my personal stuff, yes.

MR. SAXON: I'll give you that, have you mark it, if you will, as Deposition Exhibit 12.

(Posey Exhibit 12 identified.)

BY MR. SAXON:

Q Actually, I don't think there's much of interest on page 2. There may not be much on page 1.

A Okay, I read it.

Q If you would take a look at Deposition Exhibit 12, which is a cable bearing the date of July 1, 1985, [redacted] If you would look under paragraph number 2 on the first page regarding [redacted] talk about cannibalizing a C-47 to keep another one airworthy it states that "[redacted] a CMA pilot was going to land the C-47 at [redacted] once repaired." Would you tell us anything you know about that and what the nature of that would be?

A First of all, we didn't have no pilots down there at that time. Second of all, as reflected or told Doug, that our name was -- we had heard, had been used by other people. I talked to a sergeant from the U.S. Army at Hotel Alameda. He said he had met 15 of our members [redacted] I said great. Tell me who our members are. He hushed up real fast.

Q So, first of all, you don't believe that statement is true?

A It wasn't true on our part.

Q But second you are saying [redacted] could hav made that statement and himself thought it would be true, because a lot of people were passing themselves off as CMA c being involved with it?

A Yes, sir, that's true.

A That's right after this happened; we didn't have person down there except the ones in jail.

MR. SAXON: If you would mark that as Deposition

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Exhibit 13.

(Posey Exhibit 13 identified.)

THE WITNESS: I have read it.

BY MR. SAXON:

Q If you would look at Deposition Exhibit 13, I understand you have read it?

A Yes, sir.

Q If you would look at the top of page 2, this is a cable with the date of April 1, 1985, in which it discusses a delivery that was made in that time frame in which it says, "Approximately three unidentified civilian military assistance personnel supported the air deliveries."

To your knowledge, would you have had any people in the southern front in that time period?

A What time period is that, sir?

MR. JONES: April 1, '85.

THE WITNESS: April 1, '85. That was about the time they was arrested.

BY MR. SAXON:

Q Well, they were made -- they went [redacted] [redacted] the week of 18 March.

A Yes, sir, they was down there at that time.

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Q They were?

A Yes, sir. They flew commercially down there.

Q Do you know what that operation might have involved?

A Are we talking about the same thing?

Q This cable of April 1 references the March 18 shipments [redacted] in which, according to the CIA, three CMA personnel supported the air deliveries.

MR. JONES: Do you understand what he is saying, [redacted]?

THE WITNESS: Yes. It's a possibility. I don't know, to be honest with you. They were down there. I don't know what they were doing at the time, because I haven't had a chance to talk to them.

BY MR. SAXON:

Q You wouldn't have any personal knowledge of a shipment in that locale at that time?

A No, sir.

MR. SAXON: Off the record.

(Discussion off the record.)

(Posey Exhibit 14 identified.)

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BY MR. SAXON:

Q If you would, I would like to have you take a loo at Deposition Exhibit 14, which appears to be a memorandum t you dated the 24th of January, 1984, from [redacted]

A Yes, sir.

Q With [redacted] Is that the army officer to whom you referred to earlier?

A Yes.

Q He says he wants to thank you for the equipment that you donated. Do you recall specifically with regard to this letter what equipment that referred to?

A Yes, sir. We had been sending mostly web equipment, which would be canteens, ammo pouches. There was some M-16 rifle magazines, first aid equipment, odds and ends. There's an inventory list included over there.

Q But nothing lethal?

A No, sir.

Q He says, in his letter, and I quote, "However, I must remind you again that I am prohibited by U.S. public la [redacted] from acting as your agent in any capacity." What did you understand that to be?

A I understood that to mean~~ing~~ as a gofer. I would call him up, ask him to do something like that for me. That's the way I understood it. He couldn't do anything like that for any private sector group. Since at that time, we did not have an address to send these supplies to, that's the reason we were sending them to him to give them to him. To me, I didn't consider that as an agent. Just transferring.

Q It's your understanding he was making very clear the limits of his involvement or assistance?

A Yes, sir.

Q Let me now present to you for your examination two documents you have provided the committee, which I will label Deposition Exhibit 15 and Deposition Exhibit 16.

(Posey Exhibits 15 and 16 identified.)

BY MR. SAXON:

Q I would ask that you look at Deposition Exhibit 15, which appears to be a photocopy of three checks in sequence that are on the account of CMA in Decatur, Alabama; is that correct?

A Yes, sir.

Q Of particular interest to us is check number 137, dated April 20, 1985, signed by you, and it's made out to whom, sir?

A Rob Owen~~s~~.

Q Is this the Rob Owen~~s~~ about whom we have spoken earlier today?

A Yes, sir.

Q Would you tell me what this check was for?

A This particular check here was $500 also with this check there was $500 cash that I sent.

Q Explain that.

A I did this because he had called me up and said that the men that were arrested in Costa Rica was needing funds to help retain the lawyer, keep the lawyer, and also to buy food.

Q Which men was that?

A That was the five North Americans, as I called them, that was arrested in Costa Rica.

Q Along with two British subjects?

A That was counting them. The four CMA members and Stephen Carr.

Q About which we have already had a discussion?

A Yes, sir.

Q Tell us, then, what the -- what you were doing writing a check on the CMA account. It was to do what with

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regard to those men?

A It was to help out on their lawyer and also to buy food for them while they was in jail. There was $1000 total, and I sent it by Federal Express, if I am not mistaken.

Q So the Federal Express envelope had one check and $500 in cash?

A Yes, sir.

Q Where did you come up with the $500 in cash. Did you have that on hand?

A Yes, sir. Really, I don't know if I had it on hand or cashed ~~or~~ a check.

Q Owens was to be the intermediary. How was that money going to get into Central America?

A The way I understood it from previous conversations with him, he had been going down there just about once or twice a month, so I felt like it was going to be hand-delivered.

Q Fine. I would ask then that you look at what I have marked as Deposition Exhibit 16, which is a photocopy of three checks, again on the CMA account, with First State Bank of Decatur. We are particularly interested in check number 167, which was written on July 2, 1985, signed by you; and

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it's made out to whom?

A Rob Owen~~s~~, sir.

Q It's in the amount of $140. What was that for?

A That was for food for the men in jail, because he had called me up and said they were hungry.

Q These same five individuals?

A Yes. At that time that's all the money I had in there, because there was other bills I knew were coming in. So that's all I could let loose.

Q To the best of your knowledge, were those the only two accounts written on the CMA account to Rob Owen~~s~~?

A Yes, sir.

Q Was that the only money that passed from CMA -- these two checks, plus the $500 cash -- is that the only money that passed from CMA to Rob Owen~~s~~?

A Yes, sir.

Q Did any money pass from Rob Owen~~s~~ to CMA?

A No, sir.

Q I would ask you to look at Deposition Exhibit 17, which you have been kind enough to provide us again.

(Posey Exhibit 17 identified.)

BY MR. SAXON:

Q It's a photocopy of three checks on the CMA account with First State Bank of Decatur; we are interested in check 131, written on April 4, 1985. To whom was that check made payable, sir?

A Sam Hall.

Q It's in the amount of $100. Can you tell us what that was for?

A It says "for cash and gear." Sam Hall, when he come to us, knowing that we was broke and everything like this, he offered to send out letters to his friends to solicit funds to help him on the Miskitos down there in Central America.

Q As far as you know, what was this specifically to be used for?

A To help defray his expenses and costs on delivering supplies and helping out the Miskito Indians down there.

Q Let me ask you to look at Deposition Exhibit 18, which, again, is a photocopy of three checks written on the CMA account, First State Bank of Decatur. We are particularly interested in check number 144, written on May

18, 1985, in the amount of $100; and to whom is that made payable?

A Also to Sam Hall.

Q What would that have been for?

A Same thing, where checks have been billed to us on CMA, were either put in round figures or until he was back in the country. We would cut him a check with the money that come in.

Q But this was a separate $100 amount; is that correct?

A Yes, sir.

Q So, in total, you gave Sam Hall $200 to help in his expenses?

A Really, I didn't give it to him, because the way I looked at it, he was sending the solicitation letters out, and it was like him raising his own money; we just turned it over to him.

Q Let me ask for the record, to the best of your knowledge, did any of these checks we have just looked at, and those to Rob Owen~~s~~ and to Sam Hall, go to buy arms or ammunition for the Contras?

A To my knowledge, no, sir. None of it went out to buy no arms or ammunition.

Q What I would like to do now is simply ask you about some particular individuals, have you tell me what your relationship to them is, if you know them, if so, how you know them and so forth.

A Okay. Could I have your copy? You might pronounce a name -- I might know it some other way.

Q That would save us time.

With respect to each of these individuals, I will ask you if you have ever had any dealings with them. By dealings, I will mean have you met them, have you worked with them, have you taken instructions from them, have you talked to them, et cetera. So if I say dealings, that's a very broad umbrella under which I put a lot of things. And then if the answer is yes, you can expressly tell us what your dealings with them were.

A All right. Okay, sir.

Q Let me ask you if you have had any dealings with Elliott Abrams.

A No, sir.

Q You have already mentioned today Joe Adams. Who is he?

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A Joe Adams, his code name was Theodore. He was Adolfo's body guard when we met him.

Q That would be Adolfo Calero?

A Yes. He was his body guard. That's how we first met him.

Q Briefly, what was the nature of your continuing relations with him?

A He had come to us to help supply Adolfo's body guards with things that the body guards needed, like blankets, clothes, incentives to be better body guards, because they had plenty of weapons. All kinds of weapons. We agreed to send him shirts to personalize the body guards, things like black shirts, black hats, things of that nature. It got to where he was involved in cahoots with Jack Terrell, and that's how he moved up in Jack Terrell's graces.

Q Have you had any dealings with Enrique Bermudez?

A Yes, sir. He is the military leader of the FDN.

[redacted]

Q What is the nature of your dealings with Mr. Bermudez?

A I have known him since we began with the freedom fighters. He was one of the first individuals that we met in

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[redacted] -- excuse me, back up -- [redacted] first trip tha we went out.

Q Would the first time you met him have been about October of '84?

A No, sir; it was January.

Q Of '84?

A Yes, sir.

Q Have you had any dealings with an individual named Gary Betzner?

A To my knowledge, no, sir.

Q Have you had any dealings with a pilot named Ronald Boy, B-o-y?

A No, sir.

Where do we skip to on here?

MR. SAXON: Off the record.

(Discussion off the record.)

THE WITNESS: No, sir, I haven't met him, to my knowledge.

BY MR. SAXON:

Q Do you know an individual by the name of Robert Brown?

A I know an individual by the name of Robert K.

Brown; yes, sir.

Q What is the nature of your relationship with him?

A He is the owner or editor of Soldier of Fortune magazine.

Q Has he contributed to CMA?

A Yes, sir. He gave me $3000 two years ago, and by the time I got home, they was -- Rob was wanting us to buy supplies with that $3000 for the Indians, under the pretense that it would be reimbursed later.

Q Has he ever been reimbursed?

A Has he?

Q Yes.

A I don't know about him. I know we haven't.

MR. JONES: I think what he was talking about was he had given them $3000, then they turned around and wanted Tom to spend that and said they would reimburse Tom.

THE WITNESS: Right.

MR. JONES: Off the record.

(Discussion off the record.)

THE WITNESS: It was at that time that we got the $3000.

MR. JONES: Just tell him for the record.

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THE WITNESS: Okay. At that time, we were asking for financial assistance, you know, from anybody and everybody. We needed it. We talked to Rob and he told us that there was going to be a meeting in Denver, Colorado, and airplane tickets would be taken by Bob K. Brown; Bob K. Brown got myself and Sam Hall round trip tickets to Denver, Colorado. We also met General Singlaub there. That was the first time I got to meet him.

Q We will talk about him in a moment.

A Okay.

Q Have you had any dealings with someone named Bruce Cameron?

A To my knowledge, no, sir.

Q What about Frank Camper. You mentioned him. I understand he introduced you to some individuals who later became CMA volunteers.

A Yes.

Q What is your relationship to Mr. Camper?

A You know the way I feel about it; I don't like him. Our understanding with Peter and Davies, that they would not have anything to do with Frank Camper, plain and simple. We didn't like the way Frank operated; we didn't

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like the way he had collected funds and materials for the Freedom Fighters and hadn't delivered either one to them.

Q Was CMA, or were you personally, ever involved with any of Mr. Camper's training camps?

A No.

Q Have you ever had any dealings with Vincent Cannistraro?

A To my knowledge, no, sir.

Q Have you ever had any dealings with Carl Channell?

A To my knowledge, no, sir.

Q What about Thomas Clines?

A To my knowledge, no, sir.

Q What about Theodore Shackley?

A To my knowledge, no, sir.

Q You mentioned that you have had some dealings with General Singlaub. Why don't you tell us about that?

A First time I met General Singlaub was in Denver, was at a meeting. There was Sam, myself, General Singlaub, Bob K. Brown and Tom Reisner at the meeting in a hotel there close to the Denver airport. I don't remember the name. General Singlaub was wanting to know what we was wanting the meeting for, I was up front with him that we needed financial

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assistance and we could do better if we got a little help, plain and simple. He wanted to know how much we needed a month. I said, right now, we can get by with $1200 a month. We can double, triple our supplies. We lost a lot of supplies because we couldn't get out there and get it. He didn't say yes, didn't say no. He grunted most of the time. But at the same time he was wanting information from us. We felt, by this time, I did, at least, that the only thing we were being used for, mostly, was information. Because we had a lot of friends in the FDN, we got to see a lot, get free movement and everything.

Q At this time was he held of the World Anticommunist League?

A Yes, sir.

Q Did you ever get any money from him?

A No, sir.

Q When a shipment would go out, a flight from -- let me ask this, where did the flights originate with the material that ultimately made its way to Louisiana, Mario Calero would arrange for the flights. Where would it go out?

A Kenner.

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Q Who paid for those flights?

A I don't know.

Q You didn't pay for those flights?

A No, sir.

Q Was there a sense that the flights went whenever the money was available?

A Once the money come the flights went pretty regular, once a week, or twice a month, two or three flights a month.

Q Do you know a pilot by the name of Glen Warner?

A No, sir, not to my knowledge.

Q Have you had any dealings with an individual named Daniel Conrad?

A Name sounds familiar, but I can't honestly say, sir.

Q What about William Cooper?

A No, sir. Only pilot I know is Frank Moss.

Q Has he flown missions, if you will, for CMA?

A No, sir. He flew supplies out of Kenner for Mario, not that many, then he got sidetracked.

Q What do you mean he got sidetracked?

A He got stabbed in the back. Not physically,

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verbally.

Q Did CMA have a liaison in Miami?

A Well, we did up until April of '85, and that was Jose Cotine.

Q What did he do for you down there?

A Nothing, really. He is supposed to do a lot, but he really didn't do anything.

Q Did you ever have any dealings with Arturo Cruz or Arturo Cruz, Jr.?

A No, sir.

Q Not at all?

A No, sir.

Q Never met him?

A To my knowledge, no, sir.

Q Have you had any dealings with someone named Jean de Senarclens?

A No, sir.

Q What about Mario Delamico?

A To my knowledge, no, sir.

Q What about Robert Dutton?

A To my knowledge, no, sir.

Q Robert Earl.

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A No, sir.

Q Did Rob Owens ever mention that Earle was one of the people he might introduce you to?

A No, sir.

Q Do you know, or have you had any dealings with, Pablo Escobar?

A No, sir.

Q How about David Fischer?

A No, sir.

Q Roy Furmark?

A No, sir.

Q Richard Gadd?

A No, sir.

Q Amac Galil, also known as PerAnker Hansen?

A No, sir.

Q Have not?

A No, sir.

Q Jose Garnel?

A No, sir.

Q Mr. Ghorbanifar?

A No, sir.

Q Pedro Gill?

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A No, sir.

MR. JONES: Tom, was there somebody -- when you went [redacted] wasn't there somebody named Pedro?

THE WITNESS: I don't think so. Felipe Vidal. Pedro, no. The one we were talking about last night was Negro Chamorro, when we were talking about the Chamorro's here. Go ahead, sir.

BY MR. SAXON:

Q Have you had any dealings with Nestor Sanchez?

A Oh, God. Honestly, no, sir. Brian Barger gave me Nestor Sanchez's phone number when I was down [redacted] the first time.

Q Who was Brian Barger?

A He was a reporter for Washington Post at that time who works for CBS now, West 57th Street or something like that. He was wanting to know what we was doing down there. Him and an individual by the name of John Buchanan were down there, so that was like our beginning together, you might say.

Q Barger and Buchanan were where?

A Down in [redacted] the same hotel we were. We were down there talking ~~against~~ aid to the Contras and they were

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talking for the contras.

Brian Barger gave me a phone number. He said this man can help you. When you get back to the states, call him. I called him. Anyway, a colonel answers the phone, and I stuttered a little bit. I asked him, was this Nestor Sanchez's office. He said, yes, it was. Wanted to know what I wanted. I said, well, I wanted to help the freedom fighters and everything like that. Then he abruptly gave me a certain answer that Nestor Sanchez did not want to talk to me. I said I think I goofed up. He says that's enough of the conversation, and he says bye. That was it. Then I inadvertently dialed it about a year later, but as soon as I heard Mr. Sanchez, I hung up.

Q What would have been the time period on the first call?

A Probably January or February of '84.

Q Did you ever meet Mr. Sanchez?

A No, sir.

Q Did you ever hear his name come up again?

A Other than news media, no, sir.

Q Did you have any dealings with [redacted]

A Could I ask -- if that's

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[redacted] I know him.

Q That is

A Yes.

Q What about Donald Gregg, does Gregg mean anything to you?

A No, sir.

Q Roy Hagerty?

A No, sir.

Q You mentioned Sam Hall, and we have talked about the monies, the check, the money that went to Sam Hall. What was your relationship with him?

A Sam Hall come to us as a, supposedly, a private American who was wanting to change his brother's vote around in Congress.

Q This brother was a member of Congress?

A Yes, sir. He tried to portray himself as a world renowned soldier, ~~F~~reedom ~~F~~ighter. And at at first I believed him, to be honest with you. Silver medal winner, Olympics, everything like that. Credentials looked pretty good.

I believed him at first, until a couple of things happened. Then I really had my doubts about him and it

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really was confirmed a little bit later on down the road. I found in his briefcase, from one of his trips down there, some photos where he had supposedly been in combat, and he is laying there with a rifle and a bayonette sticking in him, which is, you know, bull crap. The bayonette is going in one way but his wound was another way. That right there nullified that.

Then I started reading excerpts of his so-called autobiography where he is making himself out something where he wasn't, that was a Sambo, no racial remark included. This is the same time going down there, I think. On his second or third trip [redacted] we had an individual with him by the name of Bill Johnson, to keep an eye on him. That's when we found out that Sam was going to try to start a military operation up.

That's when we, also Rob Owens, stopped him and pulled him out, under the pretense that he had to come back to the states for more information and everything like this. But also in this same time frame, found out that Sam had told -- he had told me that he was working for Singlaub, and that there were certain things that he couldn't tell me.

Q To your knowledge, was he working for Singlaub?

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A I know for a fact that Singlaub did pay him some money, wired it to him, to a bank in ~~Huntsville~~ Hartselle, Alabama. I don't remember the same. Seems to me it was commercial credit -- not commercial, but commerce bank or something like that, community.

Q why Would~~n't~~ there have been a Hartselle, Alabama, bank involved?

A Hartselle and Decatur is right together.

Q But this was money for Sam Hall?

A Yes, sir.

Q How would it have gotten from Hartselle to Sam Hall?

A He lived there in Decatur in a hotel and everything. It was supposedly money to pay for his expenses and everything to go down south and see the Singlaub intelligence reports and this other stuff.

Q Have you ever had any dealings with Albert Hakim?

A No, sir.

Q John I.W. Harper?

A Pardon me?

Q John I.W. Harper?

A I have met the individual, yes, sir.

Q What can you tell us about him?

A I like him, he knows his business.

Q What is his business?

A He is a fisherman. He owns a fishing place right out here. He was down to instruct [redacted]

Q What was that name?

A Special forces, command operation, FDN, on the us of dirty tricks such as putting laxative in watermelons and things like that, in order to put a lot of soldiers out of commission.

Q That wouldn't be lethal assistance?

A Could be. ~~Little~~ Lethal dirty tricks.

Q Is that the limit of your contact with him?

A Yes, sir. Get my tongue straight. We went together down on the same aircraft. That's how I met him. He was very quiet, very secretive, on what he was doing.

Q Any dealings with Eugene Hasenfus?

A Negative.

Q When he was shot down, that was not a mission of which CMA was a part?

A Lord, no.

Q Cyrus Hashemi?

A No, sir.

Q Let's talk about John Hull.

A Okay.

Q Have you ever been to his ranch?

A ~~No,~~ yes, sir.

Q Have you ever seen weapons stored at his ranch?

A I saw a couple of rifles.

Q But beyond what might be for personal use, hunting, personal security, did you ever see any weapons or ammunition stored there?

A No, sir, not like in volumes; no, sir.

Q Did you ever see, while there, any operations involving aircraft in which the aircraft either had loaded on to them, loaded off of them or had on them, while refueling, arms or ammunition?

A No, sir.

Q So in terms of that ranch, and your personal observation or personal knowledge, arms or ammunition of any size, which might have been intended for the Contras, doesn't connect up?

A No, sir, not at that time, because he had told us that the Costa Ricans was watching him close and everything

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like that, and they had free access to come on his ranch any time that they wanted to without getting rebuttal from him or his employees. He said, hey, come check me any time you want to, to prove that I ain't doing anything.

Q Same questions with regard to drugs. Did you ever see any drugs, illegal drugs, on his property?

A No, sir.

Q Do you know of any passing through, being loaded, unloaded, refuel stops?

A No, sir. I never did see the -- even a refueling capability, other than small tanker right there for his small aircraft.

Q Or an individual by the name of Woody Jenkins?

A I have heard of him. I have not met him.

Q What were the meetings, go back to John Hull. On how many occasions would you say you were in a meeting with John Hull?

A Twice. Once in Miami, or twice in Miami, the same day. One with Adolfo --

Q The Howard Johnson meeting?

A Yes. Then when I went to Costa Rica I saw him.

Q At his ranch?

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A Yes, sir. He picked me up from the airport. [redacted]

[redacted]

Q Bruce Jones we have talked about. Anything further to add there?

A What do you mean?

MR. JONES: We have talked about him during the deposition. Is there anything that you can think of that we haven't talked about? I can't think of anything.

THE WITNESS: Honest, I can't think of nothing.

BY MR. SAXON:

Q For the record, have you ever had any dealings with Adnan Khashoggi?

A No, sir.

Q James McCoy?

A No, sir.

Q Robert McFarlane?

A No, sir.

Q Was McFarlane one of the individuals Owen said he could introduce you to?

A No, sir; that was Spivey.

Q I am sorry, was McFarlane one of the individuals Spivey said he could introduce you to?

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A He didn't say Robert McFarlane; he said Bud McFarlane.

Q Okay. Any dealings with David Kimche?

A No, sir.

Q Dan Kuykendall?

A No, sir.

Q Michael Ledeen?

A No, sir.

Q Robert Lilac?

A No, sir.

Q Ron Martin?

A No, sir.

Q Are you familiar with him?

A Who.

Q Ron Martin?

A To my knowledge, no, sir.

Q John Mattes?

A If that's Jesus Garcia's lawyer, yes, sir; I know him, I have met him.

Q Any dealings with him other than having met him?

A He lied to me.

Q He lied to you when he said what?

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A I went down to testify on behalf of Jesus Garcia.

Q. At his trial for the possession of the machine gun?

A Yes, sir.

MR. JONES: You were subpoenaed to testify?

THE WITNESS: Yes, sir. He asked me would I take a subpoena through the mail; I said yes. I got down there, he said expenses would be taken care of all that other stuff. He didn't do it. He lied. He said they would not allow me to be called in Jesus Garcia's behalf because they would not allow Alan Saum, and that testimony about him, because I felt like unusual circumstances, the reason Jesus Garcia got in trouble, is because of Alan Saum, and this is the lawyer talking to me, that they wouldn't -- I didn't ~~Sound~~ find out until later, it was Feldman that prosecuted, would not allow Alan Saum or any testimony concerning him be brought into the case. Then when I talked to Feldman, he said that John lied. He didn't try to get me in there to testify. That's the same trial or same date that I met ~~Marcia~~ Martha Honey.

BY MR. SAXON:

Q Have you ever had any dealings with a gentleman

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named Steve McMahon?

A Not to my knowledge, sir.

Q What about Andy Messing? You mentioned him this morning. Have you ever talked to him?

A No, sir; I have heard of him.

Q Have you ever talked to him?

A No, sir.

Q Ever had any dealings with him?

A No, sir.

Q What about Richard Miller?

A To my knowledge, no, sir.

Q [redacted]

A Yes, sir, I know him.

Q What can you tell us about him?

A He was the -- still is, I think, finance man [redacted]

Q Has he ever given you any money for any reason?

A No, sir. I have exchanged money with him.

Q Just in a currency exchange?

A Yes, just currency exchange, that's it.

Q Any dealings with George Morales?

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A To my knowledge, no, sir.

Q Yaacov Nimrodi?

A No.

Q Amiram Nir?

A No, sir.

Q Jorge Ochoa?

A No, sir.

Q Rob Owen?

A The Rob Owen I am talking about is 32 years old, that lost his brother in Vietnam, good looking dude.

Q Do you happen to know if he went to Stanford University?

A No, sir.

Q Do you know if he had ever worked for Gray and Company here in Washington?

A No, sir. He had told me one time he worked in Spain.

Q Dana Parker we have talked about.

A Yes.

Q Jim Powell. Armando de Quesada.

A Yes, I know him.

Q Does he run a restaurant in Decatur?

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A Yes, sir, pizza.

Q Did he flee Cuba?

A Yes, sir.

Q Has he been a supporter of CMA?

A Spiritually, yes, sir. Financially, no. His wife has gotten us a lot of medical and clothes.

Q Has he put you in touch with any people in Miami?

A No, sir.

Q Rafael Quintero?

A No, sir.

Q How about someone you might have known by the name of Chichi Quintero?

A To my knowledge, no, sir.

Q Alfonso Robelo?

A To my knowledge, no, sir.

Q Glen Robinette?

A No, sir.

Q Rodolfo Robles?

A No, sir.

Q Felix Rodriquez?

A No, sir.

Q What about Max Gomez?

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A No, sir.

Q Never met him?

A I saw his picture in the newspapers. Never met him.

Q Never talked to him?

A No, sir.

Q Never had any dealings with him?

A No, sir.

Q Mario Sacasa?

A Now that sounds familiar, Sacasa. I would have to leave that one open. Sounds familiar, but I just don't remember.

Q Aristides Sanchez?

A Aristides?

Q Sure.

A If its Aristides, one of the FDN directors, yes, sir, I know him.

Q What is the nature of your relationship?

A I just know him as an FDN director, because he doesn't speak English and I don't speak Spanish. Most of the rest of them do speak English.

Q What about Bob Scherier?

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A To my knowledge, no, sir.

Q Do you know a pilot by that name, someone who might have made available some aircraft, provided any single-engine fixed gear, tail draggers, for drops and locations that are fairly inaccessible and remote. Doesn't ring a bell?

A No.

Q Adolph Schwimmer?

A No, sir.

Q Richard Secord? Any dealings?

A No, sir.

Q Never met, never talked to him?

A No. Not even when he bought that airplane in Decatur.

Q Any dealings with an individual named Sarkis Sognhanalian?

A God, no.

Q Leonardo Sommeriba?

A No, sir.

Q Any dealings with Ambassador Tambs?

A No, sir.

Q Never met, never talked to him?

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A No, sir.

Q We have covered the other territory with regard to him.

What about Michael Toliver?

A To my knowledge, no, sir.

Q He wouldn't have been involved as a pilot on any CMA flights you are aware of?

A ~~He~~ We ~~doesn't~~ didn't have no flights, sir.

Q All the flights would have been handled by Mario?

A Yes, sir. Only pilot we ever had down there was --

Q Frank Moss?

A No. Frank Moss wasn't our pilot. It was Jim Powell.

Q Okay.

Q Felipe Vidal you have mentioned.

A Yes, sir.

Q What else can you tell us?

A He is an individual that fled Cuba after the communists put his father up against the wall and shot him down. He was assisting the Freedom Fighters. Also, he was working with John Hull on his ranch and everything. He did

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not go with us out in the field.

Q Erich von Marbod.

A No, sir.

Q Edwin Wilson?

A No, sir.

Q Willard Zucker?

A No, sir.

Q Any of the individuals you have mentioned having knowledge of or dealings with, to your knowledge, were any of them involved in the shipment of lethal supplies to the Contras?

A To the best of my knowledge, no, sir.

MR. JONES: Can I clarify one point, again, I don't want to get in the position of testifying, but in the course of my discussions with Tom, there have been a lot of people that were described or whatever that he may have had some weird code name or that he just didn't know their name or couldn't remember their name. Those may have been some of the people, especially the Spanish people, that we mentioned, or that you just read out in a list. When he said no --

MR. SAXON: For example, we know an individual known as Felix Rodriquez, also known as Max Gomez. If I ask

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you do you know Felix Rodriquez you say no, but you may have known Max Gomez.

MR. JONES: He may have been there, he may have been in a meeting in which the name was never mentioned.

THE WITNESS: I think you will see in the testimony there was a meeting that you asked specific questions about, I do not remember their names.

BY MR. SAXON:

Q I am not going to go through every government and private entity listed in our subpoena, you will be pleased to know. But I do want to ask you about a couple. First a broad question. Apart from exchange of letters with the military group, which we have already gone over, apart from an aborted effort to introduce you to Colonel North or some other people, Bud McFarlane, NSC staff, apart from a letter you wrote to the CIA which was never answered, are there any other contacts you have had with the U.S. Government which I have omitted? You have told us about an attempt to call Nestor Sanchez which got cut short. Official contacts with the U.S. Government.

A When we first got started, I contacted the State Department to find out the dos and the don'ts and all thi

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other stuff. I think their phone number is listed on one of the pieces of paper I gave you. Also, besides talking to the FBI, Customs, everybody else. You know, that should be a matter of record.

Q Did you ever think that in any way you were working for or having the assistance of the CIA in your operations?

A No, sir.

Q Go ahead.

A I felt like that I was or CMA was spiritually receiving the support of the president, and he kept asking for help for the Contras. We kept trucking along. Everybody else kept encouraging us.

Q For the record, you never met with or had any dealings with President Reagan or Vice President Bush, did you?

A No, sir; I got to see them one time, and that's from a distance.

Q I am going to name a couple of corporate entities and ask you if you had any dealings with or involvement with them. Something called ACE or Amalgamated Commercial Enterprises?

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A To my knowledge, no, sir.

Q CSF?

A Could you tell me what the initials stand for, sir?

Q That's all they use.

A No, sir.

Q EAST, Inc.?

A To my knowledge, no, sir.

Q Eagle Aviation Services and Transportation?

A To my knowledge, no, sir.

Q EATSCO?

A Aviation, I have to be honest with you, if you want to know about the aviation part, you need to get ahold of Ed Dearborn. He worked for Singlaub. He was the chief aviation man. He can answer most of those for you.

Q Hyde Park Holdings?

A No, sir.

Q IBC?

A No, sir.

Q Lake Resources?

A No, sir.

Q Lilac Associates?

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A No, sir.

Q Orca Supply?

A No, sir.

Q Tell us about Operation Pegasus.

A Operation Pegasus started out, realistically wasn't an operation. Pegasus was the name of the group of people that went down in November of '84 to designate equipment and supplies for this particular group that was called Pegasus. So all the supplies were marked and put on the plane -- Pegasus, or Pegaso in Spanish.

Q That was who?

A The 10 individuals or so that went down. Also the supplies to go down and help outfit the COE. All through U.S. Customs. They will vouch for that.

At the same time Jack Terrell had designed a patch, shoulder patch, with Pegasus in it. It's a round patch, had CMA/FDN, something like that. I showed it to Feldman. That was Pegasus. Just a designation code for these supplies or any supplies that was to follow, if it had Pegasus on it, that's where it was supposed to go. That's verifiable by Customs and everybody else that was involved.

Q What do you know or can tell us about Partners of

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the Americas?

A I am not sure. There's some individuals that was involved, but I don't remember the names of the organizations they represent. Are you talking about Bill Murray, I know a little bit about what he has done.

Q Which is what?

A He has collected a lot of Christmas gifts for them and sent down a lot of medical supplies, yes, sir. That he has done. All his supplies went down like ours did. That was through New Orleans.

Q Any dealings with Secord Associates?

A No, sir.

Q Southern Air Transport. Any direct dealings that you are aware of?

A No, sir.

Q Stanford Technology or any of the Stanford Technology related companies?

A No, sir.

Q Any of the Udall Corporate Entities, Udall Corporation, Udall Research, et cetera?

A No, sir.

Q Okay.

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MR. SAXON: Tom, do you have anything?

EXAMINATION

BY MR. YOUNG:

Q Just that you said you had been to Mr. Hull's ranch one time?

A Yes, sir.

Q What did Mr. Hull do for the contras?

A He told me that he had used his airplane to fly wounded to the hospital, and he has given them a lot of food.

Q Did he tell you why the Costa Ricans were watching him so closely? They didn't like that kind of activity?

A No, sir. They were doing that for his own protection, because the Sandinistas were trying to kill him.

Q And did Vidal work for Hull?

A Yes.

Q But Vidal also worked for the contras, he supported the Contras, helped them out.

A My God, everybody was helping the contras, helping them out. Terminology, please. Somebody gets a pair of blue jeans. That's helping us support the contras. I don't know exactly what ~~it~~ he did do, because I never did observe. I was

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only there for three, four days. Two of those days was out in the field away from them altogether. Only saw John and Felipe when I went in and come out. I didn't see them in between.

Q Did you only meet General Singlaub one time?

A No, sir; I met him December, excuse me, June, May or June in Denver, then in September at the World Anticommunist League meeting in the Dallas-Fort Worth area in 1985. Then I talked to him once or twice over the telephone.

Q Was that to try to get support?

A No, sir. He had ordered some patches for the Larry McDonald task force. That's what that was concerned about. Almost got hoodooed on that one too, because it took us three months to get the money for the son-of-a-guns. The only reason I got it, Rob Owen~~s~~, I ain't got it paid for yet. Him I have got to pay.

BY MR. SAXON:

Q Did you have any dealings with a woman named Barbara Studley? Does that name ring a bell?

A No, sir.

MR. SAXON: I think that's probably all that I

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have got. I want to thank you on behalf of the committee for your time, your candor, documents you provided, and hope that we can -- anything else that you think of subject to the subpoena, you can provide us.

MR. JONES: Can I talk to him for a couple of seconds?

(Discussion off the record.)

MR. JONES: There were just two minor points, one he wanted to make, that he thought you might be interested in involving Singlaub and Colonel North.

MR. SAXON: Okay.

MR. JONES: Another aspect, you had asked him about whether he thought he was working for the CIA, which he said no. I want him to expand on that just a second.

MR. SAXON: I apologize. I should have said, as I generally do, is there anything else that I failed to mention or ask you about you want to add. But those two items or any others, we will be glad to have you enlighten.

THE WITNESS: I will take the last one first. I never worked for the CIA, but I felt like, myself and CMA, was part of the team players, as we see it. We talked to Rob Owens, we was nothing but team players, looking for guidance

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and leadership in helping the Contras, because we didn't know anything. We was mostly mud Marines, trying to do the best we could. We needed guidance. That's about the same time that General Singlaub showed up.

Then, in the conversation in Denver, General Singlaub let it be known to us that he was waiting on communications equipment to be set up between him and Colonel North, where they could talk safer. He said this to me and Sam Hall.

BY MR. SAXON:

Q Did he tell you what the nature of that equipment was going to be?

A He said scramblers, sir.

Q To your knowledge, did he ever get that equipment?

A No, sir, because our relationship started deteriorating shortly thereafter real bad.

Q What would be the time period of that conversation?

A At the time I went to Denver, latter part of May, first part of June, sir.

Q Of what year?

A '85.

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BY MR. YOUNG:

Q Why did that relationship deteriorate?

A We felt like we was being jerked around, used.

Q By Singlaub?

A By the whole North American network, whoever was involved, whoever was in charge, whoever was screwing us. We was doing all the work and they wasn't doing anything. We know what went into it. We know who loaded the planes, got out, begged, borrowed the equipment and everything, supplies, delivered it. Here everybody else running up here, playing, hobnobbing, nobody doing any work but for us.

Q What did you think Singlaub was doing for the ~~c~~ontras?

A He was trying to be a PR man, but he was the pits at it.

BY MR. SAXON:

Q Is it your perception he raised very much money for the ~~c~~ontras?

A Yes, sir, he sure did.

Q How much would you guesstimate?

A Total figures, I couldn't give you an idea. I would have to honestly say it would have to be quite a few

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millions of dollars, listening to him talk.

BY MR. YOUNG:

Q Besides Mr. Humphrey, do you know of any other individuals who gave him money?

A Ellen Garwood gave him over $100,000. She bought the helicopter that went down, and also $50,000 just to buy boots.

Q What was that name again?

A Ellen Garwood from Texas.

BY MR. SAXON:

Q Did you have any dealings with her?

A No, I saw her at the World Anticommunist meeting, but I never got to talk to her.

Q Did she ever tell you about any money she was giving to the Channell-Miller group raising money for the Contras?

A No, sir. First I heard of that, I think, was a couple weeks ago. The way I understood it, all of her funding went through General Singlaub, World Anticommunist League.

Q Did she ever make a comment about having been given a laundry list? These are the things the contras need,

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that would have included arms and munitions?

A I might have said I talked to her, but I did not talk to her. She was at the League meeting and she gave a speech.

Q In terms of face to face you never got to know her.

A No, sir, I don't think I ever shook her hand. It was carefully screened to keep us away from the news media and other important people at the meeting. They put us on security and kept us away from everybody else.

Q Did General Singlaub ever talk to you about assisting him in finding any retired military people to do operations, logistics or various other functions for the private supply network?

A No, sir, he made it very plain, very simple, real fast, he didn't care for Marines in his life with army officers. Like I said, our relationship deteriorated real fast.

Q Is there a second item?

MR. JONES: That was the two. Working for CIA and then he wanted to mention that about the scrambler that Singlaub had mentioned.

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BY MR. SAXON:

Q Two final things. One, on any of the trips that you took to Central America, you made it very clear you were not involved, as far as you know, with maybe one exception you gave, very limited, no one in CMA was involved in shipping lethal supplies. Did you ever see anybody outside of the CMA organization but who would be part of sort of a private supply network, who was involved in shipping arms to the Contras?

A I want to answer that in two segments. First of all, a weapon that shoots one time to provide food for the human body to survive and exist on, I don't consider lethal aid. I figure it's humanitarian health aid to help somebody eat, because I knew what they had, they didn't have anything. I want to clarify that.

As for the part of anybody else sending any weapons down, other than the ones I have mentioned in this testimony, no, sir, I have not.

Q Final question. Again, for the record, with the exception of your attorney, that relationship is special and would be appropriate, has anybody tried to coach you or tell you what to say or not to say, areas to avoid, things to

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avoid, in your statements to us today?

A I talked to Rob Owen last Thursday or Friday, and he said tell the truth. You have nothing to worry about. I said okay.

Q That's the only other individual other than your lawyer with whom -- you may have talked to somebody --

A I have talked to everybody. Nobody has tried to coach me. Nobody has come to me to tell anything or say anything any particular way. Only thing that has ever gone on is we are going to tell the truth. That's what I have instructed my people to do, Mr. Feldman, everything down there, when they go to testify, tell the truth and we don't have nothing to worry about.

MR. SAXON: Anything else?

MR. JONES: That's all, John. Thank you.

BY MR. SAXON:

Q Let me simply ask you, if you think of anything that you have forgotten or come across something we ought to know, let us do it informally. Have your lawyer to talk to us.

A I would like to have you look at that letter from Peter Clibbery, because it verifies a lot of the things I

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talked about. Living conditions and things.

MR. SAXON: Thank you very much.

(Whereupon, at 3:20 p.m., the deposition was concluded.)

THOMAS V. POSEY

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, WENDY S. COX, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Wendy S. Cox

Notary Public in and for the
DISTRICT OF COLUMBIA

My Commission Expires
November 14, 1987

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17 JUN85
[illegible]
[illegible]

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0 399

Junio 17, 1985

BAC INTERNATIONAL BANK
Presente.

Estimados señores:

Por medio de la presente autorizamos a ustedes debitar nuestra cuenta corriente [redacted] la cantidad de ---- US$ 31,000.00------ para transferirse a:

1) Banco : First State Bank of Decatur
Decatur, Alabama 35061
Routing 139-06-220-1054

2) Para pagarse a: C. M. A.

3) Cuenta número : [redacted]

Atentamente,

Firma Autorizada

Partially Declassified/Released on 29 Jan 88
under provisions of E.O. 12356
by K. Johnson National Security Council

5555

UNCLASSIFIED

10 Jul 85

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[illegible] 4113137

Julio 10, 1985

0 605

BAC INTERNATIONAL BANK
Presente.

Estimados señores:

Por medio de la presente autorizamos a ustedes debitar nuestra cuenta corriente [redacted], la cantidad de ---- US$ 2,000.00---------- para transferirse a:

1) Banco : First State Bank of Decatur
Decatur, Alabama 35601
Routing No. [illegible]

2) Para pagarse a: C.M.A.

3) Cuenta número : [redacted]

Atentamente,

Firma Autorizada

5556

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under provisions of E.O. 12356
by [illegible] National Security Council

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25 Jul 85

[illegible] Dep F. 3
4/23/87 |

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Julio 25, 1985 0 599

BAC INTERNATIONAL BANK
Presente.

Estimados señores:

Por medio de la presente autorizamos a ustedes debitar nuestra cuenta corriente [redacted] la cantidad de ---- US$7,500.00--------para transferirse a:

1) Banco : First State Bank of Decatur
Decatur, Alabama 35061
Routing No. 139-06-220-1054

2) Para pagarse a: C.M.A.

3) Cuenta número : [redacted]

Partially Declassified/Released on 29 JAN 088
under provisions of E.O. 12356
by K. Johnson, National Security Council

Atentamente,

Firma Autorizada

5557

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16 Aug 86
Posey Ex 4 7:23:37

From: NSWRP --CPUA Date and time 08/16/86 09:01:12
To: NSRLE --CPUA

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N 8148

NOTE FROM: BOB PEARSON
Subject: Civilian Military Assistance for the Contras
*** Forwarding note from NSPWH --CPUA 08/15/86 18:56 ***
To: NSWR --CPUA NSOLN --CPUA
NSRFB --CPUA

NOTE FROM: PAUL W. HANLEY
SUBJECT: Civilian Military Assistance for the Contras

Tom Shields of the TucsonSun is doing an article on groups outside the USG which provide assistance to the Contras.

He attended the last convention, in Memphis, of Civilian Material Assistance, a private group formed 3 years ago to provide non-lethal supplies (medical equipment, e.g.) to the Contras. CMA ante'd $4 to 5 mil last year. He mentioned other organizations like the Council for World Freedom, and in particular a retired USMC general nomine SCHMUCK from Wyoming who reportedly put together a report based on his first-hand observation of Nicaragua which served as the incubus for the request for the $100 mil aid package.

Shields would like to know what non-governmental organizations are providing aid to the Contras, what kind of aid are they providing, and how does Ollie North coordinate it all?

He points out that there is collateral interest in CMA in his neck of the woods because there was an incident last year in which some CMA folk held some illegal immigrants "in custody" for a few hours for reasons which never seemed very clear to Shields. The incident took place near Tucson.

Would appreciate some ammo.

Thanks.

cc: NSWRP --CPUA

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by K. Johnson, National Security Council

5558

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E-69
12/17/20

27 JAN 85

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N 6386

Lt. Colonel Oliver North
NSC
OEOB 392
Washington, D.C.

Ollie:

FR and I had a discussion and came up with several things that could prove to be helpful and necessary:

- Security is very lax both in regards to their screening of people and their plans. To cut down on the potential loss of information and to find plants it would be wise to find a Spanish speaking polygraph operator who could flutter those who have access and those who will be put under FR's care. If possible, this should be done at the bare minimum, especially in the short term.

  The longterm view would be to bring someone in for a short time to establish a program and train some people. The cost of the investment is well worth it, especially in regards to FR's project.

- It would be good to find a retired hand who could spend sometime down there and set up a program for security and counterintelligence. By training the people, organizing them and boxing them, a system is in place and a core group of people will exist.

- Because the numbers have grown so rapidly and there is little in the way of a system for personnel screening, intelligence gathering on who has joined and what they may know, would it be feasible to purchase a couple small portable computers and have written special programs for them? 3 specific programs come to mind: intelligence, personnel, and logistics.

  Personnel program: Would have such information as name, d.o.b., birthplace, areas familiar with, expertise, trade, possibly who he trusts and who he doesn't trust, where family members may work in a city or town and so forth. This information will be helpful for intelligence purposes and for future records if and when they are successful. A picture I.D. could then be issued and cross referenced by number.

  Intelligence program: Used for targets and info on them as well as people who could be helpful. In-house intel keeping.

  Logistics program: Save a lot of time and effort as to where things are and where things should go. Could also be used to keep track of financing and cash flow.

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by B. Reger, National Security Council

12-12-86
NS-21

N 6387

North
January 27, 1985

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- **Psy-ops expert**: It might be a good idea to find a retired expert in this field to put together a potential program to be used as things heat-up. The person probably would not even have to go down as long as he was fed all the necessary information to put together a game plan.which looked to the future 3 to 6 months.

- **Communications, Command and Control locations**: FR would like some info on the above if possible. Ideally it would include locations and primary and secondary targets, both military and civilian. If main towers or transmitters could be targeted it would save having to hit repeaters or secondary sources.

Do you want me to go south to watch over Spivey?

Another concern is security in [redacted] for the meeting. Putting them all together makes a very inviting target.

All the best!

P.S. Posey is sending 4 people to [redacted] to help with training. They're supposed to leave on Tuesday, January 27, 1985. Do you want them to hold off on going until after the meeting?

P.P.S. Posey has 9 more people waiting in Talahasse and he has people trying to find some equipment to send down south, including 2 jeeps and other supplies.

He even wants to get Cambodians, Laotians and Vietnamese to go down as trainers to make it an international force.

Flacko is supposed to be back in Florida today or tomorrow. He has been in [redacted] and out to [redacted] Is going to be working with the Indians.

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N S.21

UNCLASSIFIED

14NOV86
Posey Depo Ex 6
4/23/8

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON, D.C. 20229

NOV 14 1986

15:56

Partially Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

ENF-1-C3-E:OE:S:M RGL

5559

Mr. Ralph D. Martin
Department of Justice
315 9th Street, N.W.
Public Integrity Attorney
Washington, D.C. 20530

Partially Declassified/Released on 29JAN88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Dear Mr. Martin:

This is to confirm our telephone conversation of November 10, 1986, regarding the results of our initial inquiry into U.S. Customs Service criminal investigations of alleged violations of the Arms Export Control Act and the Nicaragua Sanctions as they relate to certain persons identified in Senator Kerry's report.

As explained, the data provided in Senator Kerry's report was cross checked with the criminal indices of the Treasury Enforcement Communications System (TECS), and Headquarters files. In addition, Customs Offices of Enforcement in Miami and Atlanta were contacted. For your information TECS records are indexed by name and other identifying data. TECS query of the names furnished, resulted in 21 matches. There were, however, numerous instances in which matches could not be refined as there were too many records in the universe. For example, the name John Hull resulted in 293 possible matches. Consequently, without further identifying data we are not able to determine if a record exists for some of the persons named.

Regarding the Customs investigation into an alleged violation of the Arms Export Control Act by Southern Air Transport in their exportation to Central America of a C-123 aircraft, the Special Agent in Charge, Miami, has initiated an investigation into the matter. The investigation hinges on a determination as to the licensability of the aircraft, and this matter has been referred to the Department of State, Office of Munitions Control. This investigation is being conducted with the Special Agent in Charge, Federal Bureau of Investigation, Miami, Florida, who has assumed investigative jurisdiction over possible violations of the Neutrality Statutes and the Boland Amendment. The FBI therefore would best be able to respond to your question regarding ownership and financing of the aircraft. Customs has, however, determined that the aircraft in question was sold by Coan Helicopter in March 1986, for $475,000, to Southern Air Transport acting on behalf of Udall Research Corp.

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There have been multiple investigations of Thomas Posey and the Civilian Military Assistance group. [redacted] Some of those investigations that were closed had been referred to the appropriate U.S. Attorneys who declined prosecution. Review of these closed cases revealed that in one instance Thomas Posey had exchanged letters with U.S. military personnel assigned to our Embassies [redacted] In his communications, Posey sought guidance in making donations to the Contras.

The open investigation of Posey and others is being conducted jointly by our Special Agent in Charge, Miami, and the Special Agent in Charge, Federal Bureau of Investigation, Miami. As in the Southern Air investigation, Customs has the lead in investigating any potential violations of the Arms Export Control Act, and the FBI has investigative jurisdiction over possible violations of the Neutrality Act and other statutes. This investigation has been referred to the U.S. Attorney, Southern District of Florida, for prosecution, if warranted.

Our Resident Agent in Charge, Atlanta, has recently initiated an investigation into possible violations of the U.S. Export laws by Maule Aircraft Corp. It is alleged that Maule has exported to Honduras short take-off and landing (STOL) aircraft without the requisite licenses. This matter has been referred to the U.S. Attorney's Office, Macon, Georgia. Grand jury action in this case is contemplated. Of note is the fact that Major General Richard Secord, U.S. Air Force, Retired, is allegedly involved in these transactions.

Finally, we identified only one instance in which a Customs office reported an allegation that U.S. Government Officials were funneling funds to the Contras. The report of investigation contained an unsubstantiated allegation that unnamed Central Intelligence Agency employees are passing funds to General Singlaub, USA, Retired, for use in acquiring material for the Contras.

We are in the process of obtaining the data you requested in our conversation: the identity of the various AUSA'S handling these cases; the reports regarding Generals Singlaub and Secord; and whether if in the Southern Air Transport investigation, Customs uncovers any evidence indicative of high level government official involvement. This information will be forwarded to you in the near future.

Sincerely,

Raphael G. Lopez

19JAN87

[illegible] 4/23/87

N 15119

January 19, 1987

UNCLASSIFIED

Partially Declassified/Released on [illegible] under provisions of E.O. 12356 by K. Johnson, National Security Council

MEMORANDUM TO FILE

SUBJECT: IRANIAN/CONTRA MATTER

On January 15, 1987, special agent Michael Russell and myself interviewed Assistant United States Attorneys' Jeffrey Feldman and Ana Barnett, Miami, Florida in their office. This meeting followed one where Feldman introduced me to Leon Kellner, the United States Attorney. Kellner's counsel was present. After explaining the purpose of my visit, Kellner told Feldman to cooperate in any way he can with of course protecting grand jury information.

At the meeting with Feldman and Barnett, Feldman said he had the investigation of Civilian Military Assistance (CMA) and its owner Tom Posey. Other potential subjects included Robert Owens and the Calero brothers. John Hull, an American rancher in Costa Rica is also a potential witness/subject. On April 2 or 3, 1985, Feldman went to Costa Rica to interview Hull. Initially, it appeared that Hull would cooperate. However, Hull was advised, to Feldmans amazement, by counsel in the American Embassy there not to cooperate. Hull is belived to work for Owens who Feldman believes is the direct link to LTC Oliver North.

Feldman said that a Steven Carr, deceased, who was from Naples, Florida had told him that he saw Owens, Posey, and others fly 6 tons of arms [redacted] for the Contras in early 1985. Feldman says that the evidence he has gathered to date indicates that it was more likely that only a small shipment of arms were sent. The arms included a single mortar and some small arms. The Contras believe that Carr was murdered, but according to Feldman, Carr, a known drug addict, died of a drug overdose.

Feldman said that an Englishman by the name of Peter Glibbery is presently in a jail in Costa Rica for violating that country's neutrality laws. Glibbery was attempting to aid the Contras. Glibbery said that Hull had told him that he had received $10,000 from North to aid the Contras. Feldman said there is no proof of such.

Feldman said that his information is that Adolf Calero met in Miami with Posey, Owens, et al to set up a southern front against the Sandinistas. A conflict presently exists as to what was discussed at the meeting. One witness said that the discussion involved the killing of Pastora. A second witness said they simply discussed the shipping of supplies to the Contras.

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Feldman said he plans to subpeona the bank account and telephone toll records of Owens, who is 32 years old and lives at 1028 31st Street NW, Washington, D.C. Feldman said that one source believes Owens works for the CIA. He said that Owens has received paychecks from the State Department, specifically the UNHO since sometime in 1985 for assisting that office in the Contra effort. Feldman said they found checks going from Posey to Owens. Posey claims he was only involved in obtaining humanitarian type supplies for the Contras.

Feldman said that as part of the same investigation he is looking into the matter of three separate shipments of 16,000 lbs of 7.62 ammunitions in November, 1985 going from Miami [redacted] [redacted] for the Contras. The ammunition originally came from [redacted] Feldman could not explain why it would have been shipped to Miami first.

Feldman said that the first 2 shipments went without any interference on the part of U.S. Customs. Customs did stop the 3rd shipment and it was delayed for some time until an unidentified man from Washington D.C. came to Miami and got Customs to release it.

Feldman said this investigation may come under the umbrella of the Special Prosecutor as may the case against Southern Air Transport. He does not know much about the latter case.

On January 16, 1987, I called Feldman and asked him if he saw the article in the Miami Herald which indicates that the CIA Station Chief in Costa Rica was relieved of his duties and sent back to the U.S. for aiding private organizations to aid the Contras and for directly communicating with LTC North and Richard Secord during the time when the Agency was not to aid the Contras. Feldman said he wasn't surprised. He said in April 1985 when he was in Costa Rica he interviewed the man, [redacted] [redacted] knew Hull and North and acted as if Feldman was the enemy. Feldman believes that [redacted] aided the Contras personally and knows who else aided the.

Feldman said he would call if he receives any information which he believes could help us.

BRIAN M. BRUH

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12 APR 86

1044

[redacted] W4/12/86 1200 SECRET UNCLASSIFIED

1030 hours local April 12. Per UNO South Force, drop successfully completed in 15 minutes. Force requested to send full report/ inventory. When told, [redacted] almost cried in grateful appreciation. Our plans during next 2-3 weeks includes air drop [redacted] maritime deliveries NHAO supplies to same, NHAO air drop to UNO South, but w/certified air worthy aircraft, lethal drop to UNO South, [redacted] visit to UNO South Force with photogs, UNO newspapers, caps and shirts, and transfer of 80 UNO/FARN recruits [redacted] carrying all remaining cached lethal materiel to join UNO South Force. My objective is creation of 2,500 man force which can strike northwest and link-up with quiche to form solid southern force. Likewise, envisage formidable opposition on Atlantic Coast resupplied at or by sea. Realize this may be overly ambitious planning but with your help, believe we can pull it off.

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under provisions of E.O. 12356
by ... Reger, National Security Council

New subject. AFP story appeared in morning paper [redacted] on U.S. attorney south Florida investigation arms, drugs traffic involving insurgents and U.S. sympathisizers. Terrell, CMA named. Focus on Mar 1985 shipment ft. Lauderdale [redacted] via [redacted]

New subject. Ref Cruz split. Why not offer Cruz provisional presidency in secret agreement signed by principals?

Regards, DV. BT

991

SECRET UNCLASSIFIED

N12

17 Sep 84

Executive Registry
84 - 9198

C 4372

September 1984

UNCLASSIFIED

[redacted]

MEMORANDUM FOR THE RECORD

SUBJECT: DCI's Thur[illegible] Evening Meeting with Bud McFarlane

1. In attendance were Bud McFarlane, the DCI and DDCI.

[redacted]

5561

Partially Declassified/Released on 29 JAN88
under provisions of E.O. 12356
by K. Johnson, National Security Council

7. The DCI then indicated that Posey has indeed written to the Agency seeking help in contacting the "good guys" in Central America but that we had had no dealings with the man. That information has been communicated to Justice.

Executive Registry 8,778

UNCLASSIFIED

SECRET/SENSITIVE

Signer
CL BY
DECL OADR

CIIN 1829

UNCLASSIFIED

C 4573

[redacted]

[redacted]

Attachment:
As Stated

cc: ES
EA/DCI
EA/DDCI
EXDIR
DDI
DDO
ER

CIIN 1829

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Executive Registry 8.779

16 JAN 85

1 PAGE C-3951 CIBN 1514/A

(DATED 16 JAN 85)

DENIED IN TOTAL

5562

UNCLASSIFIED 41-3157 22 JAN 85

[redacted] 22 [redacted] JAN 85

S E C R [redacted] STAFF

CITE [redacted]

TO: IMMEDIATE DIRECTOR [redacted]

[redacted] C 3953

SUBJECT: [redacted] TOM POSEY

REF: [redacted]

✓

Partially Declassified/Released on 29 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

1. [redacted] TOM POSE[redacted] LEADER OF THE ALABAMA BASED CIVILIAN MILITARY ASSISTANCE (CMA) ORGANIZATION [redacted] ON 19 JAN POSEY VISITED [redacted] APPROXIMATELY THIRTY NICARAGUANS ARE BEING HOUSED [redacted] IN ADDITION TO FULL MILITARY EQUIPMENT FOR THIRTY MEN, AN UNSPECIFIED AMOUNT OF M-60 LIGHT MACHINE GUNS WOULD BE PROVIDED [redacted] POSEY TO SUPPORT TRAINING OF THE SOUTHERN ANTI-SANDINIST[redacted] FORCES.

5563

[redacted]

REVIEWED FOR RELEASE
Date 31 MAR 87
HSC SSC

UNCLASSIFIED

SECRET

[redacted] 22 [redacted] JAN 85

[redacted] POSSIBLY PARTICIPATE IN A CUBAN AME[redacted] MATERIAL COMPAIGN FOR SUPPORT OF THE ANTI[redacted]INISTA CAUSE. [redacted] WAS UNDER THE IMPRESSION THAT TOM POS[redacted]OULD ALSO PARTICIPATE IN THE MIAMI SUPPORT CAMPAIGN[redacted]

C 3952

4. [redacted] A LARGE SEA SHIPMENT CONTAINER OF SUPPORT MATERIEL IS READY FOR DELIVERY [redacted] PACKED AMONG CLOTHING SUPPLIES WITHIN THE CONTAINER WILL BE UNSPECIFIED WEAPONS. [redacted]

7. FILE: [redacted] DECL OADR DRV HUM 4-82. ALL SECRET.
END OF MESSAGE SECRET

A

DO 48466

UNCLASSIFIED

SECRET

3 REVIEWED FOR RELEASE 26
Date 31 MAR 87
HSC SSC

1515/A

UNCLASSIFIED

1 Jul 85

2123187

[redacted]

C 3074

01[redacted] JUL 85

S E C R E T 01[redacted] JUL 85 [redacted]

CITE [redacted]

TO: IMMEDIATE DIRECTOR.

Partially Declassified/Released on 29JAN88
under provisions of E.O. 12356
by K. Johnson, National Security Council

[redacted]

(2) [redacted] A CMA PILOT WAS GOING TO LAND THE [redacted] AT [redacted] ONCE REPAIRED. [redacted]

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3A
68

3

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LAM 87
HSC+SSC

C11D1515

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1 PAGE C - 3075 CIIN-1515

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Partially [illegible] Released on [illegible] 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

C 0845

4 / 3 / 5 7

5565

[redacted]

[redacted] 01 [redacted] APR 85 [redacted]

[redacted]

C110 8220 UNCLASS

REVIEWED FOR RELEASE
Date 24 May 87
HSC + SSC

UNCLASSIFIED

[redacted] THE DELIVERY FLIGHTS FROM [redacted] APPROXIMATELY THREE UNIDENTIFIED CIVILIAN MILITARY ASSISTANCE (CMA) PERSONNEL SUPPORTED THE AIR DELIVERIES. [redacted]

UNCLASSIFIED

REVIEWED FOR RELEASE
Date 24 March 87
HSC & SSC

1 page . C-0847

DENIED IN
TOTAL

UNCLASSIFIED

24 JAN 84
Posey, Rec'd
4/23/87

[redacted]

24 Jan 1984.

MEMORANDUM FOR: Mr. Thomas V. Posey

SUBJECT: Attached Letter.

Dear Mr. Posey:

I am sorry that I have been slow notifying you that your donated equipment has been arriving and greatly appreciated [redacted] Any future contibutions, also, would be appreciated.

However, I must remind you again that I am prohibited by US Public Law [redacted] from acting as your agent in any capacity.

If we may be of further assistance please don't hesitate to contact us.

Sincerely,

[redacted]

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under provisions of E.O. 12356
by K. Johnson, National Security Council

5566

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STENOGRAPHIC MINUTES
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Not for Quotation or
Duplication

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TOP SECRET

HSITS 0097/87

DEPOSITION OF GENERAL COLIN L. POWELL

Friday, June 19, 1987

U.S. House of Representatives,
Select Committee on Investigate Covert
Arms Transactions with Iran,

Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

3142

Partially Declassified/Released on 30 July 87
under provisions of E.O. 12356
by B. Reger, National Security Council

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TOP SECRET

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TETER

DEPOSITION OF GENERAL COLIN L. POWELL

Friday, June 19, 1987

U.S. House of Representatives,
Select Committee on Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 11:30 a.m., in the Situation Room, The White House, with Joseph Saba presiding.

On behalf of the House Select Committee: Joseph Saba, Roger Kreuzer, Robert Genzman, Tina Westby, and Bert Hammond.

On behalf of the Senate Select Committee: Arthur Liman and John Saxon.

On behalf of the Witness: C. Dean McGrath, Jr., Associate Counsel to the President; and Nicholas Rostow, Deputy Legal Adviser, National Security Council

UNCLASSIFIED

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UNCLASSIFIED

Whereupon,

GENERAL COLIN L. POWELL

having been duly sworn, was examined and testified as follows:

THE WITNESS: Let me express my appreciation for your coming down here. I can see the inconvenience I've caused you.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q Good morning, sir.

Would you please state your name, current position and when you assumed your current position.

A Colin L. Powell, Deputy Assistant to the President for National Security Affairs. I assumed my present position on the 2nd of January 1987.

Q Would you please state your previous position, the time you held that position and a brief description of your duties.

A From June of 1987 until I assumed my present position, I was the Commanding General of the 5th United States Corps, Frankfurt, West Germany, commander of 72,000 American soldiers. I'm sorry, June 1986 to January 1987.

Q And prior to that, sir?

A Senior Military Assistant to the Secretary of Defense, Caspar W. Weinberger, from July of 1983 until March of 1986.

Q Sir, can you tell us the first time you became aware of what we call an Iran Initiative? And I will direct your attention to the period of June 1985.

A Sometime during that general period that you described as June 1985 -- and I cannot be any more precise than that -- I became aware that there was something being discussed called the Iran Initiative.

Q All right, sir.

I show you a document which we'll mark exhibit 1 for the record and give you a moment to look at it.

(Exhibit No. CP 1 was marked for identification.)

(Pause.)

THE WITNESS: Okay.

BY MR. SABA:

Q Do you recognize the first page, sir?

A Yes, sir.

Q For the record, the first page is a copy of handwritten notes on a notepad stating "Office of the Secretary of Defense," and can you briefly tell us, sir, about the circumstances of this note.

A The note is a note from me to the Secreary of Defense, and I think the note is self-explanatory. The document was provided to me -- I can't say, almost two years hence, whether it came in by courier or whether it came into the regular system, but apparently it came in sufficiently controlled that I handled it in a controlled manner, very controlled manner and provided it to the Secretary, as indicated in this note "Eyes Only," and I think the rest of the note concerning my comment to the Secretary and then his marginal note back to me, I think is self-explanatory, and then you can see from the typewritten note next under, which is our typical fashion, I then passed it up to the policy people.

Q And I take it you passed it to Assistant Secretary Richard Armitage.

A My note shows that it was passed to USDP, which would have been Dr. Iklé, and ASDISA, who was Mr. Richard Armitage, with a copy to the Deputy Secretary of Defense.

Whether all three of those gentlemen actually saw it -- I know Mr. Armitage saw it, but whether Dr. Iklé saw it -- and I assume Mr. Tafe, who was the DEPSECDEF at that time saw it if it was addressed to him.

Q And I take it that a draft response was prepared by Mr. Armitage?

A Yes.

Q And do you recall if that response was seen and passed on by the Secretary of Defense?

A My recollection is it was seen, concurred in and approved and passed on by the Secretary of Defense.

Q Sir, do you recall any briefing, whether of yourself or Secretary of Defense or both of you, by Robert McFarlane in the time period of July 1985, concerning a meeting Mr. McFarlane may have had with a Mr. Kimche?

A Yes. I recall a meeting that the Secretary and I had with Mr. McFarlane. I can't be precise at all about the dates and I don't recall that it was directly related to a meeting or a conversation that Mr. McFarlane had with Mr. Kimche, but it was on this subject.

Q Do you recall generally what Mr. McFarlane told you?

A My recollection is that Mr. McFarlane described to the Secretary the so-called Iran Initiative and he gave to the Secretary a sort of a history of how we got where we were that particular day and some of the thinking that gave rise to the possibility of going forward with such an initiative and what the purposes of such an initiative would be.

Q Were you present, sir, at that briefing?

A Yes.

Q And do you recall if, in the description of that initiative, Mr. McFarlane indicated that part of that initiative would be the provision by the United States of weapons to Iran?

A To the best of my recollection, yes.

Q Did he also discuss the provision of weapons by Israel to Iran?

A- I don't recall specifically. I just don't recall.

Q Do you recall the Secretary's response to Mr. McFarlane's briefing?

A My recollection is the Secretary was negative.

Q Did he express that at that time to Mr. McFarlane?

A My recollection is that he did.

Q Can you recall for us how that conversation went? Was this a "I don't like it," or did the Secretary raise specific objections?

A To the best of my recollection, the Secretary was questioning of the purposes and -- behind the initiative and he asked Mr. McFarlane questions about it, which indicated that he was disinclined to think this was a useful endeavor. Whether, at the end of that meeting, he said "No, I'm against it," or just the meeting concluded on a negative note, I don't specifically recall. But my recollection is clear that the Secretary was not inclined to be favorable toward the initiative.

Q Were specific weapons discussed at this meeting?

A I don't recall if specific weapons were discussed at the meeting.

Q By any chance, do you recall if TOWS or Hawks or Hawk systems or parts --

A Not at that particular meeting. I don't recall if we got to the level of discussing specific weapons. My recollection is that Mr. McFarlane laid out what the President's -- or the Administration's objective might be with respect to a relationship with Iran and perhaps that somehow leading to some solution to the hostage problem.

Q So the issue of hostages arose during this meeting?

A Yes.

Q And was the issue of hostages and weapons linked in any way in that discussion?

A I cannot recall specifically.

Q Do you recall if this discussion took place here at the White House or at the Pentagon?

A It was at the Pentagon.

Q Was the briefing at Mr. McFarlane' initiative?

A Yes. My recollection is that Mr. McFarlane asked to see the Secretary.

Q Do you recall if any memoranda of that briefing were kept following the briefing?

A There were none on our side.

Q Do you recall any conversations with the Secretary following the briefing by Mr. McFarlane on the subject of the briefing?

A I cannot recall specifically, although I know that over the course of the next several months, the Secretary had occasion to discuss it with Mr. McFarlane, but I can't tell you exactly when it was.

Q Did Mr. McFarlane provide the Secretary or yourself with any papers in connection with that briefing?

A Not that I recall.

Q Sir, there was a meeting on August 8 at the White House on the subject, among other things, of the Iran Initiative. Do you recall conversations with the Secretary of Defense by way of briefing or in preparation for that White House meeting? And to assist in your memory, the President has been in the hospital briefly; he has just returned. The period is probably a weekend and the Iran Initiative is one of the subjects.

A Not that I can recall.

Q Do you recall following that date having discussions in that early August period with the Secretary concerning that meeting or the Iran Initiative, again focusing just on August?

A Not that I can recall. Focusing just on August.

Q Did the Secretary of Defense tell you at that time that he or anyone had given an assent to a transfer of arms to Iran?

A No.

Q Did he indicate to you at this time, and I'm looking at August-September period at the moment, that the arms were moving from anyone to Iran?

A No.

Q Did he indicate specifically that he had information that there may be or was a transfer of arms from Israel to Iran?

A No.

Q Did anyone mention to you, subsequent to August 8, 1985, and we'll take it now through the period November 1, 1986, that arms had been transferred in the period of August-September and again in November 1985 to Iran?

A At some point, I became aware that Hawks had been moved to Iran from Israel and, of course, I was well aware by sometime in early '86 that TOWS had moved from Israel to Iran before we had transferred TOWS for alternate destination to Iran, but I cannot tell you specifically when I became aware of those two pieces of information or how.

Q Do you recall in a general way, sir, when you came to know of this -- would this be in the calendar year 1985?

A To the best of my recollection, it would have been in calendar year 1986. My basis for saying that with respect to the TOWS is that the first clear memory I have that I was aware of it -- something had gone from Israel to Iran with respect to TOWS is when I knew we had to add another 500 to the order. That's when it clicked.

Whether I had some knowledge of it before that particular fact, I simply cannot recall. It just -- I just cannot recall, but from that point on, sometime late January '86 when I knew that there was a requirement for another 500 and knew what that requirement was for. Then I can track it back to that data level.

Q And Hawks, when did you first come to know of a 1985 transfer of Hawks?

A That I simply cannot recall. I think it was '86, not '85, and I simply don't remember how I finally learned of it, whether it was after they had been returned or -- I just don't recall.

Q Do you recall, sir, any information that came to your attention concerning an eventual release of the hostage, Benjamin Weir?

A No, other than the fact that he had been released, but I was not --

Q In connection with that release, do you recall any information in any way linking the concept of a transfer of arms and Mr. Weir's release?

Mr. McGRATH: Could you state when he was released?

MR. LIMAN: He was released in September of 1985.

BY MR. SABA:

Q September 1985.

A No, I have no recollection of that.

Q Sir, moving on a little bit in our calendar, do you recall the visit of Israeli Minister Rabin to the United States in approximately mid-November 1985?

A Yes.

Q And, sir, do you recall any discussion then between yourself and any other person in connection with that visit of the replenishment of Israeli weapons, which they have transferred to a third party?

A No. As you know, I was -- in November 1985, I was in conversation with DSAA concerning availability of Hawks, but I have no recollection of being aware that those -- that that conversation I was having related to a replenishment action.

Q Did you, sir, or anyone in your staff, have conversations with Israeli Minister Rabin or anyone named by him at that time in connection with the provision of Hawks or TOWS?

A Not me, and my staff essentially consisted of me, so I don't know if anybody else in the OSD had any converations, but I did not.

Q But you did not?

A No.

Q Did you know of anyone else at this time having conversations with Minister Rabin?

A No. On that subject. On that subject?

Q Yes, sir.

Q Or TOWS?

A No.

Q Sir, was there any briefing that you're aware of of the Secretary of Defense concerning the visit of Minister Rabin to the United States in that period?

A Certainly the normal prebriefing that would have taken place and briefing books for the Secretary.

Q Would you have participated --

A Yes.

Q -- in that prebriefing?

A I would have participated in the tasking out, preparation of and receipt of the books for the meeting, as well as providing to the Secretary and sitting in in whatever preparatory work we did for the meeting.

Q Do you recall if, in the preparation for that brief, the issue of replenishment of Israeli arms came up?

A No, not to my recollection.

Q Do you recall if there's any material --

A I can't even -- let me be precise.

Without going back and looking at the records, I can't even be sure that we had a formal prebriefing, the Secretary being well familiar with the Israeli/U.S. issues and knowing all the parties.

I would have to refer to records to see whether we actually had a formal "Let's sit around the table and prebrief this," or whether it was all done by books. But either prebrief or by books, I don't recall any discussion at that time of a need to replenish TOWS that had been shipped by Israel to Iran.

Q Or Hawks?

A Or Hawks.

Q Either Hawks that might be shipped or Hawks that were already shipped?

A I don't recall any such discussion.

Q Do you recall, sir, if the Secretary of Defense met with Minister Rabin at that time?

A I don't specifically recall without checking calendars, but if Rabin was in town, it would have been usual for the Secretary to have seen him.

Q Do you recall --

A But I don't know that he did. I'm just --

Q Yes, sir.

A It would have been usual.

Q Do you recall following the visit of Minister Rabin, late November, whether there was an occasion for a debriefing concerning his visit?

A By?

Q A debriefing by yourself of the Secretary or a debriefing by the Secretary to you?

A Not that I recall. And let me make sure that I got the last one correct. I would have to go back and look at the Secretary's calendars for that period to see whether he met with Rabin incident to Rabin meeting with others in the Administration, or whether it was a one-on-one with the Secretary in his office. The number of visitors is rather large and frequently the Secretary would come to a White House meeting or would meet with these visitors separately. I just don't know under what circumstances he may or may not have met with Rabin at that time.

Q But I take it your testimony is that whether shortly before or just after in connection with the visit of Israeli Minister Rabin, you have no recollection of the discussion of provision of TOWS and/or Hawks to Israel?

A For the purpose of replenishing TOWS or Hawks that may have been shipped by Israel --

Q Or might be shipped in the future?

A No, I don't recall any linkage to a shipment to Iran.

Q All right, sir.

You mentioned that at approximately this time -- and to help with the dates, we'll take November 19th, 1985, that you had received a request to obtain information about Hawks.

Sir, from whom did this information -- did this request come?

A I cannot specifically recall as to whether I got it from the Secretary or from the NSC. If I received it from the NSC, the only two sources possible would have been, I think, Admiral Poindexter or perhaps Colonel North, but more than likely, Admiral Poindexter, but I cannot specifically recall which of those three -- the Secretary, Admiral Poindexter or Colonel North, gave me the tasking for that.

Q Do you have a recollection of the time period that we're speaking of?

A Novemberish, mid-Novemberish.

Q If it had been the Secretary or had been someone from the NSC, would there have been a written request or was it more likely be telephone?

A More likely, it would have been oral by telephone or face-to-face.

Q Do you recall what request was made of you?

A Not specifically, but from reading the record of the point paper that was prepared, it appears that I was asked to check the availability of Hawk missiles in certain quantities and to check into the procedures associated with a transfer of missiles of some quantity to Israel -- or to Iran under a variety of alternatives that were apparently under consideration at the time.

Q Was a dollar number mentioned?

A Not that I can recall.

Q But it was your understanding that these were missiles that would be provided to Israel and Israel would be --

A They were missiles to be provided to Iran and one possible way of getting them to Iran might be through Israel.

Q Sir, I'd like to show you a document which you may have not seen before and which we will label as exhibit 2, and give you a moment to read it.

(Exhibit No. CP 2 was marked for identification.)

(Pause.)

THE WITNESS: This is 20 November.

MR. SABA: The document is dated 11/20/85, the time, 21:27:39 and it appears to be a note from Oliver North to John Poindexter.

THE WITNESS: Uh-huh.

(Pause.)

BY MR. SABA:

Q Sir, I ask you first whether you've seen this document before today?

A No.

Q Second, sir, I ask you if you are familiar with the events described in the document?

A No.

Q I'd ask you, sir, focusing on what appears to be the third full paragraph, which begins, "Replenishment arrangements are being made through the MOD purchasing office in NYC."

A Uh-huh.

Q I call your attention to the date of this document and the date of the request which came to you concerning Hawks. In connection with that request, whether on the day -- to you, whether on the date it was first made or sometime shortly thereafter, were you made aware of the incidence described in the first two paragraphs?

A No.

Q Were you made aware of the concern expressed in the paragraph I've just mentioned which begins with "Replenishment"?

A No.

Q Moving along -- two paragraphs down from the one I cited to the one commencing, "As soon as we have the release confirmed, we need to move quickly with Defense to provide the 120 missiles the Israelis want to buy."

A Uh-huh.

Q "They are concerned that they are degrading their defense and in view of the Syrian shoot-down, the PM has placed considerable pressure on both Rabin and Kimche for a very prompt replacement. Both called several times today."

In connection with the request made of you, sir, were the names of Mr. Rabin and Mr. Kimche mentioned?

A Not to my recollection.

Q In connection with the request made to you, sir, what was the -- was there any number provided to you that we should look for?

A I can't remember the exact number we started with. In fact, I'd have to go back to the point paper that was produced --

Q We'll come to that in a moment.

MR. LIMAN: Does that mean that you started with a higher number and then ended up with a lower one?

THE WITNESS: The point paper seems to suggest that. I think it was 500 and then it somehow went down to 120.

BY MR. SABA:

Q Yes, but before I come to the point paper --

A Yes.

Q -- which is, as you know, prepared by someone else, I wanted to understand --

A To my recollection, I don't have a recollection, and so I'm essentially relying on the point paper as being reflective of what I apparently had asked for, but I don't have a specific recollection of what number I was asked to get an assessment on.

Q So if I understand, you had a request coming either from the Secretary of Defense or from the NSC -- and in the case of the latter, it would have been Admiral Poindexter or Oliver North, and that request was to determine availability, certain quantities and modalities of transfers for Hawk missiles, whether directly to Iran or possibly by way of replenishment of Israeli stocks.

Is that correct?

A Yes, but replenishment of Israeli stocks, if we were moving forward to provide missiles to Iran, not in the context of missiles already having gone to Iran or about to go to Iran, I took it as a hypothetical question that was presented to me to get some data on before any policy decision had been made with respect to moving forward on the transfer of missiles to Iran.

Q And you recall to whom you were to have provided this information?

A To the best of my recollection, I provided it to the Secretary.

Q But in the request, sir -- my question is --

A Oh, I'm sorry.

Q -- you received a request from someone --

A Uh-huh.

Q This person would have asked for that information. Did they ask that that information be returned to the requestor or did they ask you to provide it to someone else?

A I can't recall that, considering I can't even recall who the requestor was. But my best recollection is that after I got the information, I gave it to the Secretary and my recollection that it was in anticipation of a meeting he was going to.

Q Do you recall what you did after you received the request? Who did you speak to?

A I am reasonably sure that I presented it and discussed it with the Secretary.

Q So you received the request, and at that point, you discussed it with the Secretary?

A I received the request or the response to the request?

Q The request.

A Okay, I'm sorry.

I received the request and I'm reasonably sure I discussed it with the Secretary and apparently I passed it, to the best of my recollection, to DSAA for action through Noel Koch.

Q Did you pass that information to DSAA at the request of the Secretary?

A I don't think the Secretary would have told me how to get the information. He would have left that to me to find out.

Q What was the Secretary's reaction when he heard that this information was to be provided?

A It may have been the Secretary who asked me, so he wouldn't have, obviously, had a reaction, but I'm sure -- at this point, I am speculating because I can't recall who asked me to do it.

Q You have said earlier that the Secretary had, in July, expressed opposition in general to a policy which would have provided weapons to Iran. At this point, we are having a discussion now with the Secretary concerning a request to look at weapons and possibility, let's say.

Did the Secretary express an opinion about this matter?

A Every time we discussed this matter throughout the period July until I left him in March, his view of it was always a negative one.

Q Did he indicate to you what this information should contain or that the information you obtained would be subjective in any way?

Did the request come to you to provide information concerning numbers?

A Uh-huh.

Q And did the request ask you to provide information about the means of transfer?

A What do you mean by "means of transfer"?

Q The legalities of the transfer.

MR. ROSTOW: Legalities?

MR. SABA: Yes, the legalities of the transfer.

THE WITNESS: My recollection is that I was -- the tasking was to determine what would be required legally and what legal impediments might exist to such a transfer, and how it could be done.

BY MR. SABA:

Q And in your discussion with the Secretary about the request, did he indicate to you that the information you should provide should indicate in a negative way that this transfer should not take place?

A I can't recall a specific discussion with the Secretary because, as I say -- let me answer it this way.

I have no recollection of the Secretary ever, throughout this entire period, beginning in November and on through, ever asking for anything but the best objective staff laydown of the issue.

Q All right, sir.

Do you recall calling Noel Koch and asking him to obtain the information?

A Not specifically. I don't know whether I called Noel or he came to visit me or how I actually got it up to Noel and to DSAA.

Q All right, sir.

I will tell you that Mr. Koch has told us that you called him and made a request of him similar to such as we've discussed, and he in turn went to then Acting Director of DSAA --

A Uh-huh.

Q Does that sould correct?

A It sounds very correct and plausible.

Q Would there have been any particular reason you would have gone to Mr. Koch, as opposed to directly to DSAA?

A I always tried to operate through the chain in the Office of the Secretary of Defense and I assume Mr. Armitage was away and Mr. Koch was the Acting Deputy, principal deputy to Mr. Armitage, so that's why I would have gone. To start out on something like this, I would have gone through Mr. Koch.

Q And having made the request for information, do you recall next what information you received?

A I recall that I got a point paper back.

Q And you recall that it was a typewritten paper?

A Yes.

MR. SABA: I'd like to have as exhibit 3 a typewritten -- I've placed before you what I think is exhibit 3. It is a three-page document, the first being a photocopy of handwritten notes by Dr. Gaffney --

THE WITNESS: Uh-huh.

MR. SABA: -- simply recording that the notes were prepared by him on or after November 19, '85, at the request of Noel Koch and General Powell --

THE WITNESS: Uh-huh.

MR. SABA: -- and furnished to Mr. Koch to take to General Powell.

(Exhibit No. CP 3 was marked for identification.)

BY MR. SABA:

Q I think we can just move right along to the next page --

A Okay.

Q -- and I'd ask you, sir, if you have any recollection of this document --

A Yes, I do.

Q -- from that period of time.

A Yes, I do.

Q And you understood that this was the response to your original request?

A Yes.

Q And directing your attention, sir, to the third point in the paper, there's a reference to 120 missiles.

A Yes, sir.

Q Do you recall if that was the number that you may have referenced in your request?

A It may well be, but I don't have a specific recollection of the number.

Q Looking at the paragraph just above it, there's a reference to cost and prices --

A Uh-huh.

Q -- indicating the missiles apparently in stock at Red River, cost 300,000, that it wouldn't be a firm price for replenishment, could cost as much as $437,700 apiece.

Do you recall that in your request any mention was made of determining the cost or setting an upper limit on what was available?

A No.

Q Do you recall any discussion of there being a certain amount of money and a certain amount of missiles?

A Hawk missiles?

Q Yes, sir.

A No.

Q Moving down the page --

MR. ROSTOW: If I could just correct the record here, you misread "replacement" in that for "replenishment."

MR. SABA: I'm sorry, thank you.

THE WITNESS: I'm sorry, what --

MR. ROSTOW: He read this word as "replenishment" instead of "replacement."

MR. SABA: I must have had replenishment on my mind.

BY MR. SABA:

Q Moving along down --

A I think replacement in that context means replacement to the United States Army.

Q Yes, sir.

Moving down the page to the paragraph beginning with "The modalities for sale to Iran present formidable difficulties."

A Uh-huh.

Q There are three points following that paragraph as subparagraphs. Do you recall, sir, your agreeing with those three points or whether there was further discussion of those points at the time?

A I don't recall any further discussion or agreement or disagreement. We just accepted them as the facts presented by DSAA.

Q Moving to the next paragraph, sir, the one commencing, "It is conceivable that the sale could be broken into 3 or 4 packages, in order to evade Congressional notice."

Do you recall if that paragraph and the two subparagraphs under it were written as a result of a request by you?

A I don't recall specifically, but I must say that it might have been that -- I had a recollection that the question was posed that, is it possible to split a package?

Q Sir, in conjunction with your review of this document, I'd like to provide you with another document which we'll mark exhibit 4, and I will tell you that this is a document handwritten by Dr. Gaffne which he has identified, and it indicates a certain date, and I'm looking in particular at the upper left-hand corner.

A Uh-huh.

(Exhibit No. CP 4 was marked for identification.)

BY MR. SABA:

Q We understand that Dr. Gaffney has told us he believes that these notes were taken in response to the request made of him and was a brief outline of the points that he should cover.

A Uh-huh.

Q In looking at Dr. Gaffney's notes, 1 through 8, on the left-hand side, do you recall if that is the liekly sequence and questions that you asked him?

A I don't recall.

MR. McGRATH: Did Dr. Gaffney indicate that he had gotten this request from General Powell?

MR. SABA: Dr. Gaffney indicated that the request first came into him from Mr. Koch and that he understood it was for Mr. Powell and had subsequent discussions with General Powell.

For the sake of the record, and since this has become an exhibit, underneath the box that I've referred to on the left is a little comment, "Powell is not agitated. Told NSC to ease up." We should state that that comment has nothing to do with the matters before us now.

THE WITNESS: Could you state what it has to do with, since it is apparently an exhibit?

MR. GENZMAN: It comes from the opposite page; doesn't it, with the arrow going over?

MR. SABA: It came from an opposite page, sir, in a totally different matter.

THE WITNESS: All right.

BY MR. SABA:

Q Returning to the Gaffney point paper, there are == Exhibit 3 -- in looking at the two paragraphs, one beginning "modalities for sale to Iran," which has three subpoints, and the second being, "It is conceivable that the sale could be broken," I take it that these two paragraphs express Dr. Gaffney's presentation to you of the equivalent of a legal opinion on the matters discussed.

A You'd have to ask Dr. Gaffney.

Q Did you understand that to be a legal --

A I understood it to be Dr. Gaffney's view.

Q Did you --

A I don't think he's a lawyer, either.

Q Did you make inquiry of any other person as to these legal points?

A No.

Q Do you recall specifically having made any inquiry of the General Counsel of DSAA?

A No.

Q What did you do with this paper?

A To the best of my recollection, I provided it to the Secretary.

Q I see, and prior to providing it to the Secretary, was there any further legal review of the matter?

A No.

Q Turning to the next page of the document, there is a list of politically -- political points. Do you recall why Dr. Gaffney would have set out a series of political drawbacks to the transaction?

A I do not -- I do not know specifically --

Q Did you ask him to outline some of the political difficulties?

A I don't recall specifically.

Q Do you recall if, in presenting the paper to the Secretary, there was expressed between you and the Secretary or by the Secretary alone any agreement or disagreement with those points.

A I don't recall a specific discussion on the points on page 2.

Q Do you recall, sir, if the intention of page 2 was to develop a case to discourage the intended transfer?

MR. McGRATH: You're asking General Powell what Dr. Gaffney's intention was --

MR. SABA: No, I'm --

MR. McGRATH: -- regarding the document?

MR. SABA: I'm asking General Power who requested the document whether the purpose of these points, did he understand to be to develop a negative case -- to develop a case against the presentation of this transaction?

THE WITNESS: To the best of my recollection, I did not direct that the paper be drafted in a way that laid out a negative formulation.

Also, to the best of my recollection, I suspect that I asked him to give me a point paper which lays out the issue, and I would think that this is Dr. Gaffney's attempt to do that. And these were his opinions, but you'd have to ask Dr. Gaffney that.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Sir, before we leave this paper --

A Yeah.

Q -- and while we're on it, could I ask a few questions?

A Sure.

Q General, did the Defense Department have a strong committment to the embargo against arms to Iran?

A Yes.

Q And it had a program called "Operation Staunch"?

A Yes.

Q And it had communicated its views within the administration; is that correct?

A Yes, and it --

Q And it had communicated its views through our diplomatic corps to other countries that it opposed their sales of arms; had it not?

A Yes, except I have to answer this way: It wasn't the Defense's position, it was the administration's position.

Q It was the administration's --

A Which the Defense Department was aggressive in pursuing.

Q And there was no doubt that the Secretary of Defense subscribed fully to that position.

A Absolutely not.

Q So that when a request came in for information about Hawks to be shipped to Iran, that would have been something that would have been contrary to the whole philosophy of the administration on sales to Iran and to the position that theDefense Department subscribed to.

A That's correct.

Q And there's no doubt in your mind that the Secretary of Defense would have been opposed to sale to Iran --

A None whatsoever.

Q -- and no doubt in your mind that anyone who wrote a position paper for the Secretary of Defense would have expressed that same commitment to the embargo.

A I don't want to quite give you a qualified agreement because the quality of the people we had in the DSAA and the OSD in particular about -- particularly Dr. Gaffney. He would give an objective statement of the pros and cons and my relationship with Dr. Gaffney always suggested that he would lay it out objectively. Whether the Secretary would like to read that or not, he would get what Dr. Gaffney's best judgment is, in my judgment.

Q Well, in the very first paragraph of the last page, he indicates that there would be no effect on Iraq because they had more accessible sources of supply.

So he expressed his views as he saw them.

A Yes, uh-huh.

MR. LIMAN: Thank you.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q What happened to this paper when you received it?

A To the best of my recollection, I provided it to

Secretary Weinberger.

Q Do you know if you provided it to the Secretary in connection or by way of a briefing for a meeting?

A My recollection was I gave it to him in preparation for a meeting.

Q Did you provide the paper to anyone else?

A Not to my recollection.

Q Do you recall, sir, in providing this paper to the Secretary, whether you and the Secretary had discussions about the paper or the meeting for which it was provided?

A We may have talked it about it briefly, but I have no specific recollection if we did, or if we did, what we said about it.

Q Do you recall was this to be an NSC meeting?

A I don't recall whether it was an NSC meeting or another type of -- or agency meeting.

Q Do you recall if you also provided the Secretary at approximately the same time a second paper, the subject matter which concerned TOW missiles?

A I may have provided him a separate paper on that.

Q Do you recall who would have asked you to provide the information on TOWS?

A It would either have been the Secretary himself or Admiral Poindexter or Colonel North.

Q Do you recall if this request came at the same time and from the same person who made the request on Hawks?

A I can't tell you if it was the same person, and I regret that my recollection won't tell you timing, whether it was just before, just after, either side. But in that -- I would just say in that general time period is when the request --

Q Roughly the middle of November 1985.

A That's --

Q Do you recall, in receiving the request on TOWS, any mention of the number 3,300 TOWS in connection with

[redacted]

Q Yes.

A I recall the number 3,300; I don't remember it being linked [redacted] though.

Q Do you recall, in connection with the number 3,300, whether these were TOWS we would provide directly for replenishment of Israeli stocks or otherwise?

A My recollection is that it was a transfer of that number, or some number of TOWS, to Iran, modality of transfer yet to be determined.

Q Sir, I'd like to show you another piece of paper which you may not have seen, and it is, again, a page from Dr. Gaffney's work diary.

A Uh-huh.

Q I'll give you a few moments, and we're concerned only with the upper left-hand corner, which begins "164 I-TOW."

(Exhibit No. CP 5 was marked for identification.)

(Pause.)

THE WITNESS: Uh-huh.

BY MR. SABA:

Q Do you recall, sir, there being discussion at this time about the number of the TOWS in connection with a price for the TOWS?

A I have a recollection that sometime in that late fall period, as this initiative started to pick up additional interest and questions were being raised about the availability of weapon systems, I recall the number $24 million being on the table and representing the amount of money that was available for purchases.

Q And do you recall the information which Mr. Gaffney provided to you?

A Not without seeing --

Q Do you recall if Assistant Secretary Armitage provided you with a paper on TOW missiles?

A I can't recall whether I got a paper from Dr. Gaffney or Mr. Armitage. It would not have been unusual for either of the two to have been the source of any such papers because they essentially were part of our team.

Q But you do recall that there was such a paper?

A I recall asking for the information and I believe a paper came down with the information, as opposed to having come down orally.

Q Was this paper provided by you to the Secretary of Defense?

A This paper I -- my recollection is that all such papers that came into me I provided to the Secretary for his information and use.

Q Do you recall if you provided him with this paper at the same time you provided him with the Hawk point paper?

A I do not recall whether it was the same time, shortly before or shortly after -- or before or after.

I just don't have a clear cut on what the timing is there in November.

Q Do you recall if the provision of this Hawk paper -- I'm sorry -- TOW paper was by way of preparation for or in connection with the same meeting for which the Secretary required the Hawk paper?

A I don't recall that.

MR. SAXON: Could you have been provided the TOW paper by Noel Koch?

THE WITNESS: Could I have been provided -- it is possible. The three people who I might have gotten it from would have been Noel Koch, Rich Armitage or Hank Gaffney.

BY MR. SABA:

Q Do you recall, sir, at that time, in connection with the TOW paper, there being any discussion or mention of a number of TOWS to replenish Israeli stocks for missiles already sent?

A I don't recall a replenishment action for missiles already sent.

Q Sir, I believe that just after this period on or about November 24th, there was information provided to the Secretary of Defense concerning possibility of talks going on between the United States and Iranian officials.

Do you recall that incident?

A I assume everybody here has whatever necessary clearances are required to talk to this subject.

MR. LIMAN: That's right, and we can also talk about it as [redacted] for the purpose of the record.

THE WITNESS: For the purposes of the record and for the hearing, I would not -- I simply will --

MR. LIMAN: We do not ever mention that and we generally refer to the reports.

THE WITNESS: Yes, I was aware of -- throughout this period, of intelligence reports [redacted] [redacted] that suggested something was going on.

BY MR. SABA:

Q In connection with receiving such reports, did you receive reports in the fall of 1985 that weapons had been transferred -- United States-origin weapons had been transferred to Iran?

A Not that I can recall.

Q Do you recall what reports you did receive?

A No, and the reason I have to say that is that in the course of the day, I would guesstimate that I dealt with several hundred discrete issues and pieces of paper, and the United States intelligence community is able to provide an abundance of paper in the course of the day, not all of which I read, and even that which I read, I doubt I could recollect much longer than several days later because of its abundance.

So I read a great deal of material, and to specifically say that I saw [redacted] without me having seen it again and refreshing my memory, I simply can't do that.

Q But you recall, then, in approximately late November, there was information received which led the Secretary to have a conversation with you.

A There was information received which made me aware and made the Secretary aware that there were continuing discussions going on with respect to some sort of an arms sale to Iran.

Q And what did the Secretary ask you to do in connection with those reports?

A He didn't ask me to take any specific action. He would ask if I had -- if we were getting any more requests of the type we had been discussing. He might ask the status of that and he would express his discontent that such an initiative was still being pursued.

MR. LIMAN: General, you said that there was information that was received that indicated that talks were going on relating to the sale of arms to Iran.

Who was conducting the talks, Israelies, the United States?

THE WITNESS: There were a variety of intermediaries. [redacted] but they -- it was generally some Iranian -- people of Iranian origin. There were -- and U.S. interlocutors.

MR. LIMAN: You understood that these talks that were going on had the sanction of the United States Government?

THE WITNESS: The [redacted] I saw dealt with trying to find a way to pursue the original initiative that Mr. McFarlane came over and spoke about earlier in the summer, and they were not authorized talks. They were authorized to the extent that I considered that Mr. McFarlane was -- the National Security Council was aware and was supporting and authorizing these talks.

BY MR. SABA:

Q Did you know specifically that the talks were authorized by the President?

A I had no way of knowing that.

Q Did the information indicate the identify of the United States persons involved?

A No. [redacted]

Q Did it identify persons other than Iranians or United States citizens?

A Yes, to the best of my recollection.

Q Do you recall who else it identified?

A Not by specific name, but, to the best of my recollection, the intelligence [redacted] would, from time to time, identify Israeli interlocutors.

Q Do you recall if the [redacted] indicated whether these were private citizens or officials of the Isreali Government?

A No, my recollection isn't good enough for that.

Q Do you recall, in connection with this -- with these reports, whether you made any inquiry or comment to

Assistant Secretary Armitage?

A I'm sure Mr. Armitage and I probably discussed this over this fall period on a fairly regular basis. Once again, I just have to put it in context that I speak to -- at that time, my first call of the morning at 6:15 was to Mr. Armitage and in the course of the next 15 to 16 hours of the day, he and I probably talked 15 or 20 times, so I'm sure we discussed this on a fairly regular basis.

Q Did the Secretary ask you to make any determination about these reports?

A A determination of what kind?

Q As to the accuracy who, if --

A No.

Q -- if they are taking place; who is involved?

A The reports spoke for themselves.

Q Did the reports indicate that arms had been transferred?

A I can't recall if the reports -- if the reports documented that or not.

Q Did the reports discuss difficulties occuring at the period approximately November 19th through the 26th of transferring weapons to Iran?

A I simply can't go back and describe to you reports of a period of time that finite --

Q But do you recall --

A --a year and a half later.

Q -- if that was the general subject matter?

A In these intelligence reports, you would see expressed some of the difficulties in arranging and consummating the arrangement.

Q Do you recall if these reports specifically identified Hawk missiles?

A I cannot recall that specifically.

Q Or TOW missiles?

A I cannot recall it specifically. I would be speculating with you.

Q Do you recall receiving a report from Secretary Armitage about a lunch that he had on December 3rd, 1985, with Oliver North?

A I recall Mr. Armitage telling me that he had a meeting with Colonel North and that they had discussed this matter, yes.

Q When you refer to this matter, do you recall Secretary Armitage's recounting to you of this conversation, what he said?

A My recollection is that Secretary Armitage told me that he had more information, a better insight as to the state of the initiative, but that's all I specifically remember.

Q Did he indicate that Colonel North was actively involved?

A I don't recall him indicating that.

Q Did he --

A It was fairly -- it wasn't anything I needed indicated to me.

Q Was there any mention to you of Hawk missiles being part of the subject of their conversation?

A I cannot recall that as a specific subject. It may have been or it may not have been; I don't recall.

Q TOW missiles?

A I simply can't give you a readout of that specific conversation a year and a half ago, which was one of probably 10 I had with Mr. Armitage that day, but it would not surprise me if that had been discussed.

Q In connection with Secretary Armitage's report to you of Colonel North's involvement, did you report that to Secretary Weinberger?

A I can't recall specifically. I don't know that I would have been -- I don't know why I particularly would have. We all were aware that Colonel North was the Action Officer in the NSC on the initiative.

Q Did you yourself, sir, have any conversations on this initiative in November of '85 with Colonel North?

A I may have. Most of the time, my conversations on matters relating to the Defense Department and NSC were with Admiral Poindexter, but I know Colonel North and I may have had a discussion with Colonel North or he may have given me some amplifying information. We may have discussed some details of it, but I specifically do not recall.

Q In conversations with either Colonel North or Admiral Poindexter --

A We're still in November now, right?

Q Yes, sir. Was there any mention of weapons having been transferred or in the process of being transferred?

A Not to the best of my recollection.

Q Was there any indication that there had been an authorized approval of transfers?

A Not to the best of my recollection.

Q Do you recall, sir, a visit of Mr. Mindy Marone to the United States at that time?

A Not specifically. Mr. Marone made regular trips back and forth, so this -- nothing stands out in my mind on that particular trip.

Q Did you have any occasion to speak with Mr. Marone?

A I know Mr. Marone. I have no recollection of seeing Mr. Marone at that time. I may have, but I don't have any recollection. I only see him in a social setting. I have no professional dealings with him.

He would have been with someone else and I would have seen him and said, "Hello, Mindy, how are you?"

Q Did you receive any information concerning a deposit on November 20th, 1985, by Israel of $1 million into a Swiss account in connection with Hawk or TOW missiles or United States weapons?

A No.

Q I'd like, sir, to return to Exhibit 2 and if you could take a look at that again, please, in light of our conversations.

If you could look at that again and if that could perhaps refresh your recollection.

(Pause.)

Mr. McGRATH: Specifically, what is it you're refreshing his recollection on?

MR. SABA: Further to your provision of the memos on the Hawks and the TOWS to the Secretary --

THE WITNESS: Uh-huh.

BY MR. SABA:

Q Were there further discussions at this time concerning provision of Hawks or TOWS to Israel? And the time frame now would be approximately November 19th through December 1985.

MR. ROSTOW: Could you be a little bit more specific in it. Discussions with whom?

MR. SABA: With anyone.

MR. ROSTOW: In which General Powell was involved --

MR. SABA: Yes.

MR. ROSTOW: -- or which he knew about.

MR. SABA: In which he was involved, and secondly, in which he would have come to know.

THE WITNESS: I do not recall being aware that we were involved in the replenishment action to replace TOWS -- or Hawks, that had been transferred by Israel to Iran, as part of this arrangement.

I just don't have that recollection.

BY MR. SABA:

Q Or TOWS, sir?

A Or TOWS.

Q All right.

A Although TOWS are not mentioned in this particular exhibit.

Q All right, sir.

In connection with the Hawk and the TOW paper which you provided the Secretary, do you recall -- the Gaffney paper --

A That was -- the only TOW paper -- I haven't seen a TOW paper yet. We're talking about the one you were referring to at the time of the exhibit --

Q I will tell you, sir, that we understand that the paper exists and we were told that it was -- the only copy that we know of has been locked in someone's safe and we have not been able to obtain any further copies of the paper. So I don't have it, but apparently there was a paper similar to that.

MR. McGRATH: You're certifying for the record that a TOW paper was provided to --

MR. SABA: I am not certifying. I'm stating that we have been informed that there was a paper prepared and provided to General Powell --

THE WITNESS: I don't dispute that.

BY MR. SABA:

Q And General Powell doesn't dispute that.

This might help sir, but I'm simply stating that that's what we've been informed.

MR. McGRATH: And this was during the November time frame.

MR. SABA: Yes, approximately the same time as the Gaffney point paper was provided. We'll provide another --

THE WITNESS: I have recollection of the paper; I just don't -- want to make sure we're all talking about the same thing. It's not locked in any safe I have to control of.

MR. SABA: No, sir, I don't mean to imply that.

THE WITNESS: All right.

MR. SAXON: Let me ask that this document be marked as deposition exhibit 6, and I'll give you a moment to look at it, if you can read Noel Koch's handwriting.

THE WITNESS: No, I never could. Let me try it.

(Exhibit No. CP 6 was marked for identification.)

THE WITNESS: "TOW discussed separately with Kidd" --

MR. SAXON: Rudd.

THE WITNESS: Rudd, okay, and Gaffney in December.

MR. McGRATH: Do you guys have Noel Koch's recitation of what it says?

MR. SAXON: We have Noel Koch's recitation in his --

MR. McGRATH: Why don't you just read it into the record.

MR. SAXON: -- deposition in which he verifies that this document was a handwritten chronology that he recalled, he thinks, in either February or March of 1986, on the events of previous months, in which he writes, in the item numbered 4 --

MR. McGRATH; Let's go off the record.

(Discussion off the record.)

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SAXON:

Q Mr. Koch has told us in sworn testimony that this is a document he prepared on his Pentagon note paper in which in February or March of 1986, he recalled, as best he could, some of the events of previous months pertaining to --

particularly TOWS, and he indicates in item 1 that TOW was discussed directly -- excuse me, separately, with Rudd and Gaffney in December, December of '85, and in item number 4, TOW paper locks in RLA safe, which he says was Richard L. Armitage --

A Uh-huh.

Q -- wouldn't lett Rudd keep copy --

A Uh-huh.

Q And he tells us that that means that Mr. Rudd, Glenn Rudd, the Deputy Director of DSAA, had a copy. Mr. Armitage asked for it; it was locked in the safe and Dr. Gaffney has informed us that Mr. Armitage instructed him to destroy the copies that he had.

MR. SABA: Contemporaneously with their preparation, that is the request to destroy, just so the record is clear. We understand that the request to destroy the copies was made approximately shortly after the copies were made.

THE WITNESS: Okay.

Is there a question?

MR. SABA: I may have forgotten it.

MR. LIMAN: I think he's trying to refresh your recollection as to whether you recalled the issue of TOW replenishment and you testified you did not recall that issue arising before, as I recall it, January 1986.

THE WITNESS: That's correct. From January 17th, 18th, 1986, things were fixed fairly well in my mind. But until that time, I was not aware that the United States Government had authorized anything to be done in the way of replenishment.

MR. LIMAN: And you fixed in your mind your recollection of the replenishment when the number of TOWS that you were considering went up from 4,000 to 4,500.

THE WITNESS: And I also qualify it by saying I can't really tell you whether I had recollections before or after, but from -- it was on January 17th, 18th. That was my first knowledge that the United States Government, at the right level, had approved the transfer of weapons to Iran. Up until that day, this, in my judgment, and to the best of my recollection, was a conceptual discussion of an initiative to transfer weapons to Iran and it was heatedly debated within the administration and no decision was made to transfer any weapons until the direction of January 17th, 18th. So my recollection of the months before all have to do with discussion about a possible initiative.

MR. LIMAN: And General, given the fact that a sale to Iran would be a departure from United States policies, is it fair to say that if you had been informed of a U.S. authorization to sell previously, it's likely to have left an imprint upon your recollection?

THE WITNESS: I would agree with that assessment, Mr. Liman.

BY MR. SABA:

Q Do you recall, sir, in providing the Gaffney point paper to the Secretary, any conversation --

A Which paper now, this one or the one that's --

Q The Gaffney point paper which is marked Exhibit 2.

A Exhibit 2, okay.

Q Do you recall, in connection with providing that, whether there was any discussion concerning congressional notification involved with such transfers?

A I don't have any specific recollection. From the paper, you'll notice that the way the paper is structured, it's essentially talking about almost a routine sort of sale, as opposed to a covert action type of a thing. So we never got into a discussion of findings or notification other than the $14 million threshhold.

Q All right, sir.

Do you recall if, on or about December 10th, 1985, Mr. McFarlane again briefed either yourself or the Secretary of Defense concerning the initiative?

A December 10th, 1985?

Q Yes, sir.

MR. LIMAN: Following his return from the visit to London.

BY MR. SABA:

Q To assist, there was a meeting in the White House on the 7th of December. The initiative was discussed. We know from some of the public testimony. There was some discouragement and different views and Mr. McFarlane went to London. He returned from London on or about the 10th of December and my question is, whether, in connection with that return, he briefed you or the Secretary or both of you, to your knowledge?

A I can't recall. I really only recall one meeting with Mr. McFarlane on this initiative. I think it is the earlier one we talked about. I don't remember a specific meeting this late in the process of December.

I have a recollection of Admiral Poindexter talking to the Secretary around his table, the three of us talking about it one night, but I don't remember two meetings with Bud.

Q Do you recall --

MR. LIMAN: Incidentally, while he's refreshed, what do you recall about the meeting with Admiral Poindexter?

THE WITNESS: My recollection, Mr. Liman, is that it was essentially the same sort of a discussion, the policy initiatives being pursued, why this was something that was being seriously considered, and I recall the Secretary, again, stating his objections.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Was this in December of 1985?

A I wish I could tell you that, but I --

Q Was it after --

A -- can't be specific.

Q Was it after Admiral Poindexter had been elevated?

A I think it was. I think Admiral Poindexter was now the National Security Advisor, but I can't be sure of that without seeing the dates.

Q Do you recall whether Admiral Poindexter advocated the initiative at that meeting?

A My recollection is that Admiral Poindexter gave a factual objective assessment of it and pointed out the advantages and disadvantages, the up sides and down sides, and why it was something that still had merit to it, but I don't recall him aggressively advocating it so much as intellectually presenting it.

Q Do you recall whether, at this meeting, he was discussing an Israeli proposal?

A For?

Q An Israeli proposal presented to him for the shipment by Israel of TOWS with a replenishment by the United States only if Israel succeeded in getting the hostages out?

A He may have. I don't recall a conversation that specifically.

Q That was the first play in January of 1986; that's why I'm putting that question to you.

A January '86 or '85?

Q January 2, 1986.

A He may have, I just don't recall specifically.

Q And was this meeting in the Secretary's office?

A Yes.

Q How often did Admiral Poindexter come visit the Secretary?

A After he became the National Security Advisor, he and the Secretary arranged that on a -- oh, I think he tried to do it once a week or once every two weeks, that he would come over for a private conversation with the Secretary in the evening and I would sit in on them.

Q You did not take notes generally of these meetings, did you?

A I would occasionally take notes, sometimes not, but I did not keep permanent sets of notes. Just use them as memory aids and then got rid of them.

Q Maybe I should know this, but did the Secretary keep a diary?

A The Secretary, to my knowledge, did not keep a diary. Whatever notes he kept, I don't know how he uses them or what he does with them.

Q Did he --

A He does not have a diary of this ilk, no.

Q -- did he dictate memos, as some people do, so that if they ever get around to writing their -- a book on the era, they have some aids; they have memoirs?

A No, the Secretary did not dictate his daily activities, to the best of my knowledge. I've never seen it. He didn't do it and I was with him every day.

Whatever notes he took in the course of a day, I don't know what he did with them.

BY MR. SABA:

Q Do you recall if, in the discussion with Admiral Poindexter, there was discussion of money involved in it?

A No, I don't think it was that kind of a meeting. I think Admiral Poindexter was just discussing the initiate with the Secretary to make sure that the Secretary had the state of play in mind and knew how it was moving.

Admiral Poindexter laid it out in an objective manner, but it was clear from the conversation that the initiative was still alive and moving in the direction of a current --

MR. LIMAN: Did he say --

THE WITNESS: At that time, to the best of our knowledge and belief, at that time, there was still no initiative. It was a concept being explored.

MR. LIMAN: Did he say that a finding was under consideration?

THE WITNESS: I don't recall a specific discussion over finding.

MR. LIMAN: Do you recall whether it was an effort to try to reduce some of the intensity of Secretary Weinberger's objection?

THE WITNESS: I don't know that I would characterize it that way. He didn't argue or debate the matter with Secretary Weinberger. He laid it out. Admiral Poindexter is quite good at this. He laid it out in an objective manner, but clearly if one came away from that conversation, he was describing to the Secretary how this was continuing to move forward and heard the Secretary's arguments again.

So he was clearly showing the initiative was continuing to move forward, but there was no debate.

MR. LIMAN: Did he mention Ghorbanifar?

THE WITNESS: I couldn't remember if that name was specifically mentioned at that meeting.

BY MR. LIMAN:

Q Did he mention Casey's position?

A I can't recall, Mr. Liman.

Q Did he mention the President's position?

A My recollection is that he indicated the President was still inclined to move forward.

Q Did he mention hostages?

A Yes, the hostages were discussed.

Q What did he say on that subject?

A There was a two-pronged strategy and the important prong was to improve our strategic relationship with Iran, and the second prong was to see if, as a result of that improvement, we might be able to get some movement on the hostage issue. That has always been in every conversation.

MR. LIMAN: Thank you, Mr. Saba.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q Do you recall, sir, if you had any separate conversations with Admiral Poindexter as to the -- in this time period approximately in December, January -- before January 18th, concerning price of TOWS or Hawks?

A I don't recall any specific discussions with Admiral Poindexter over Hawks.

Q And TOWS?

A I recall discussing with Admiral Poindexter at one time or another in a general way what the price range of TOWS were.

Q Do you recall roughly when that would have been?

A Very roughly, I would say it was in the November, December time period. It might have well been earlier, depending on when this thing first started to germinate.

Q Sir, on January 7th, '86, there was a White House meeting in which the initiative was discussed again. Do you recall that meeting?

A Not specifically, since I wasn't there.

Q Do you recall the incident of the meeting?

A I know that early in January, the issue came up again and the Secretary was going to meetings on the subject.

Q Did you provide to the Secretary any materials in preparation for that meeting?

A I don't recall that we provided any specific material. There were no new point papers, to the best of my knowledge. I don't think I had received any additional taskings for information. The information was generally known by then of availability and general price ranges, so the Secretary was well-armed for those meetings without needing any additional papers and since the staff was, for the most part, not involved except myself and Mr. Armitage -- I don't recall any additional papers.

Q Upon return from that meeting, did the Secretary have occasion to brief you as to what went on in the meeting?

A The Secretary would generally back-brief me on his meetings in the White House so I could follow up with whatever action might have been required from the staff and whether it was the 2nd January meeting or whatever other meetings he had during the early part of January, I recall him coming back and continuing to express increasing dismay that the initiative was moving forward and that his arguments were apparently not winning the day.

Q Do you recall if he indicated, after that January 7 meeting --

MR. McGRATH: Do you specifically recall the January 7th meeting and a discussion of that or is this just a general time frame?

THE WITNESS: It's a general time frame. I don't recall. I couldn't tell you if it was 7 January, 8 January, or whether there were three meetings in a row. I'm just giving you a general appraisal of early January.

BY MR. SABA:

Q In that general time frame, the first 10 days or so of January, do you recall the Secretary indicating that the Attorney General had given an opinion as to the legal ability of these transactions --

A Somewhere in that time frame, the Secretary, after one of these meetings, reported to me that the Attorney General had provided an opinion that said it could be -- there were no legal impediments to doing it the way they were thinking of doing it.

Q Did the Secretary express to you his own opinion on that matter?

A On the legal issue?

Q Yes, sir.

A No. He essentially said that the Attorney General had rendered information that suggested -- that said it was legally proper to pursue it the way they were pursuing it.

Q Did the Secretary express his opinion to you as to the effect of that initiative on the terrorism policy?

A He held the same position then that he'd held throughout the fall, that it was not an initiative he thought was useful with respect to our strategic policy, our terrorist policy, our arms transfer policy.

Q All right.

Sir, we have received information from Mr. Koch that on or about December 3rd, 1985, he received a telephone call from Colonel North asking him to obtain information about TOW pricing and he requested Noel Koch to negotiate a price with a man who he gave the code name "Bookkeeper," but it was Abraham Benjoseph, of the Israeli Purchasing Office in New York, and Mr. Koch has testified to us that there came a time when he had a meeting with Benjoseph at the TWA Lounge at National Airport and negotiated that price.

Do you recall these events?

A No.

Q All right.

Sir, I'd like to provide --

A We're talking about Benjoseph?

Q Yes, sir.

I'd like to provide you with --

A What price was negotiated, how much the U.S. Government would sell to the Israeli Government TOWS?

Q Yes.

The information we have was that Mr. North informed Mr. Koch that Michael Ledeen had negotiated a price of $2,500 per TOW and that Mr. North came to know that this was too low and requested Mr. Koch to obtain a higher price.

Mr. Koch has told us that he obtained this information and he claims that upon meeting -- or shortly after meeting with Mr. Benjoseph, in which they agreed at a $4,500 price per TOW, that he went to see you. He doesn't recall if he saw you at your home, though that was his thought, but he recalls seeing you almost immediately after learning this information.

He places the date of his discussion with you at about the 13th, 14th of January 1986.

A Uh-huh.

Q And he's provided us with sworn testimony as to these facts.

A Did you say that he spoke to Colonel North in

December of '8 --

Q Yes, sir.

A And now we're suddenly in 13 January '86? Six weeks later?

Q Yes. He said that what was involved was a period in which he tried to obtain price information. There were some holidays and apparently some difficulties with travel schedules in setting up the meeting which occurred at the airport.

But he tells us that he returned from that meeting and immediately informed you of the progress and the price, and that you told him that he should go with you and see the Secretary and provide this information and that there took place a meeting in the Secretary's office that when you and he went into the office, Mr. Tafe was there. There was some small talk; Mr. Tafe did not leave and Mr. Koch told the Secretary about his adventure at National Airport with Mr. Benjoseph.

What I -- my question to you, do you recall these events?

A This is about the 13th or 14th or somewhere in there?

Q That is where Mr. Koch dates it, though it is possible that it could have occurred at some point prior to that time.

A I wouldn't speak on it. I don't have a very strong recollection of such a meeting. I think I recall Noel coming to see me and saying that a price had emerged from all of this discussion and I think we may have well gone in and talked to the Secretary about it, but the part about the TWA Lounge at National Airport and Benjoseph and all that, I simply don't have any recollection of that or trying to get the price up from 2,500 to 4,500, and also that Ollie had asked him to do this way back in December, and it is now the 14th of January. I'm having a hard time -- a pre-recollection of a suggestion that the price had to be moved up. Twenty-five hundred doesn't ring any kind of a bell with me because -- that's just too low-ball a price to start with. I don't know where that entered the equation.

Q But you recall Mr. Koch at some point coming to you and -- I'll ask you to tell us in your own words what your recollection is.

A My recollection is that sometime during this period as we get closer to the event, Noel may have come in to give me a back-brief, and I may well have -- I have a recollection of us going in and talking to the Secretary about it, but it doesn't stand out particularly in my mind, frankly, because it was just one of the number of conversations in a rolling basis we were having about that point on the whole subject of pricing and availability as we got closer and closer to the actual decision to move forward.

Q I understand.

Why would you and Mr. Koch go into the Secretary about a price matter if the price had not been earlier --

A I'm not sure if it was just price. I think Noel asked to see the Secretary. My recollection -- if it serves me correctly -- Noel asked to see the Secretary, or between us, we allowed as how this thing is moving right along and you'd better come in and give the Secretary, you know, the information you're now carrying around. But I specifically do not remember that the information he was carrying around was information that resulted from a request from Oliver North to him to get the price moved up from 2,500 to $4,500. I simply don't remember that.

Q I see, but you recall that there was a time when you and Mr. Koch week to the Secretary and Mr. Koch relayed a price to the Secretary for TOW missiles.

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A He related to the Secretary the current state of play as he knew it. I don't recall him running in from the airport or that he was doing it in response to a previous six-week-ago request from Oliver North.

I do have a recollection of Noel coming in one afternoon by mutual agreement between he and I that it would be useful for the Secretary to hear the latest state of play as Noel was receiving it, as Noel had come across it. I don't recall anything related to Noel serving as the NSC agent to get the price up.

Q I understand, sir. Can you tell us what you do recall of Mr. Koch's report to the Secretary?

A Very little other than he came in -- and if this is about the 14th. we are in a few days of consummating the arrangement. It was just an informational brief on the state of play. I don't specifically remember discussion of price. I wouldn't dispute Noel.

Q Do you recall Mr. Tafe being there?

A Not specifically. But if it was a late afternoon session, that would be quite --

Q Would it help you to recall that Mr. Tafe was not necessarily supposed to be there, had been in the Secretary's office on a prior matter and didn't get the message that he should leave, and that there was some --

A I would be surprised if any such message was

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delivered to him. As the Deputy Secretary, he was privy, the full Deputy Secretary, on these matters, and was not unmindful of this whole arrangement.

It was very usual for Mr. Tafe and the Secretary and myself to be sweeping up business at the end of the day, and if I brought Noel in at that time, it was up to Mr. Tafe to either stay or leave, as he chose. Nobody would have asked him to leave.

Q Do you recall in that discussion any discussion of legality of transfers?

A I can't recall.

Q Do you recall the Secretary making any comments as to whether the transactions apparently contemplated were legal or not?

A No. I don't recall any specific discussion.

Q Do you recall if Secretary Armitage was present at that discussion?

A I do not recall.

Q Do you recall if in providing this information to the Secretary the information was related to arms that would be transferred or arms that had been transferred?

A Would be. All of our conversations had to do with "would be".

Q Sir, do you recall a speech at Fort McNair --

CAS-3 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Before you leave this meeting, do you recall Mr. Koch expressing some concern about whether he could go to jail for participating in the sale of arms --

A No.

Q -- to Iran?

A Mr. Koch --

Q Or anyone else?

A No. I really don't.

Q Do you recall the Secretary expressing his own concerns before the Attorney General gave his opinion about the legality of selling to Iran?

A Yes. I can't give you a specific date in time, but the Secretary was always concerned that we had to make sure that whatever was being done was legal and it wasn't clear that such an arrangement could be made without the right sorts of notification to the Congress.

Q And it was in the context of the Secretary's concern about the legality that he at some point reported to you that the Attorney General had apparently given an opinion?

A Yes, sir.

Q And before the Attorney General had given the opinion, the Secretary had expressed some concerns about

CAS-4 whether this could be done without notification?

A That is a fair assessment.

Q For what it is worth, I think that the Attorney General and the Secretary participated in a meeting on January 16, which would have been after this date and the day before the finding, with Mr. Sporkin and other lawyer types.

MR. SAXON: Could we go off the record a second?

(Discussion off the record.)

MR. SABA: Back on the record.

I have, sir, the next exhibit, which I will put before you and give you a chance to look at it. It is a note from Colonel North to Admiral Poindexter. The date is January 15th, 1986.

(The document referred to was marked for identification as C.P. Exhibit 7.)

THE WITNESS: The whole note isn't here, of course, but let the record reflect, I think this is -- it starts off, beginning, "Continuation of last note..." So I think there is a preceeding paragraph.

MR. SABA: There is actually --

MR. LIMAN: Series of notes on that day.

MR. SABA: Series of notes on that day. The one I am most concerned with is the subject matter discussed here. It actually continues on to other pages, as well.

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EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q Sir, are you familiar with the events described here?

A I recall that night we -- the Secretary was giving a speech at the National War College. It was a conference that Noel Koch was sponsored for. I think it was on low intensity warfare, or something like that.

And somehow in the late afternoon as we were getting ready to go over to this speech, we again were talking about this matter, and I sat with Colonel North at the same table, and I recall a discussion with Colonel North about the matter, and we were -- I was posing various questions to him.

I don't recall if these are the specific questions, and, of course, they are not the specific answers. They are the answers that Colonel North subsequently related at a later -- later that evening as the answers.

Q I understand.

A But I did have a conversation with Colonel North.

Q I understand, and I ask you if you would relate to the best of your recollection your own --

A I recall the second question. I do recall that somewhere in the development of this initiative -- and once again now, the train is really picking up steam here. I

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think we are -- are we on the 14th or 15th? The 15th?

MR. LIMAN: The 15th.

BY MR. SABA:

Q The meeting was on the 14th, the evening of the 14th.

A The evening of the 14th. I recall that at some point we learned -- and I don't know how -- that an intelligence exchange was part of this arrangement, and I apparently was -- I recall trying to get some more information about that so I can make it available to my secretary.

The name Copp I don't ever remember having -- no, I just don't have a recollection as to who that was at the time. I assume it is General Secord.

Q Yes, sir.

MR. LIMAN: I think I may have mentioned Secord to you.

BY MR. SABA:

Q Did he mention Secord to you?

A I can't remember --

Q Do you recall, sir, if to that day you had any knowledge of General Secord's involvement in the initiative?

A I cannot recall specifically, but I probably did. General Secord, I am sure I had knowledge over the fall that he was in some way participating on the NSC side of this issue.

TOP SECRET

When I knew that, how I knew that, I cannot answer.

Q Let's go back to the evening of the 14th, and if you can tell us as you can recall what the exchange with Colonel North was and your concerns.

A I recall discussing the intelligence matter. I have a vague recollection that we probably talked in general terms about the price.

With respect to the first question, I don't recall a specific discussion on that, although I may have -- we may well have discussed it.

Q Do you recall why you would have asked about the price?

A No, I do not. I don't know -- I can't remember what motivated me to enter into discussion with Colonel North that evening. I can't remember if I was -- if the Secretary had asked me to get some additional information or Noel and I had had a conversation. I can't remember why I entered into a conversation with Colonel North and the subject that night, but we did.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q General, can you remember talking to the Secretary about the structure that was being proposed for the contemplated sale to Iran?

A I think by this point in time we knew that the

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structure would be -- the alternatives being proposed were either a direct transfer to Iran or Israel moving it on and then us replenishing Israel.

Q Do you recall that on one of the alternatives of the direct sale to Iran, the question was being presented of whether the Department of Defense would sell directly to Iran using an agent? Do you remember that?

A Not specifically, Mr. Liman. I just recall that when we finally got to the 17th, the arrangement that the Secretary had worked out with the others who were these interlocutors in this matter was that regardless of what alternatives had been thought of, the way that we were going to do it was the CIA will do it. And the only involvement of the Department would be to give the missiles to the CIA.

Q Was that because of price or notice or for some other reason?

A I don't think it was because of price. I am not sure that price played a part in it. I think it came out that way because it -- frankly, I think because it minimized the DOD involvement.

Q Because the Secretary of Defense felt more comfortable saying we will sell it to the CIA, and what the CIA does with it is its business?

A He did not see it as something that was the Defense Department's [illegible] the transferring of weapons to a country such as Iran. It is not one of the missions, roles of the Defense Department to be involved in that kind of transaction.

To the extent that such a transaction was going to take place, it should be handled by elements of the Government that are able and agree to handle such transactions.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q So you would say that the Secretary simply didn't want the Department of Defense to do it?

A That was my impression. He didn't want the Government to do it, but if it was going to be done, then it ought to be done by those agencies of Government that have this as a more appropriate part of their mission.

Q And that the reason he didn't want the Department of Defense to do it was one of policy, would you say?

A I think it is policy in terms of not whether we should be doing this at all, but policy in terms of it is not appropriate for the Department of Defense to be making this kind of exchange. It isn't an FMS sale. It was not any one of our security assistance arrangements. Therefore, it was not something the Department of Defense should be doing.

But under the Economy Act, the Department of Defense clearly can respond to a request from another

Government agency to provide assets that the Department has that the other agency does not have, but the other agency has a need for.

MR. McGRATH: Was it a feeling that the Department didn't have the expertise capability to do it or that it just shouldn't be involved --

MR. LIMAN: Isn't within its mission, as I understand.

THE WITNESS: Wasn't within its mission because clearly -- well, I think that answers the question.

MR. SAXON: Do you recall any decision that was made at the Pentagon or into which the Pentagon had input that it not be an FMS sale in order to avoid congressional notification?

THE WITNESS: No, the last time -- to the best of my recollection, once the -- we gave the Secretary a point and essentially told him that this is something that is notifiable if it is a FMS sale, and I think the point paper clearly shows that we just do not break it up into little packages to get around that impediment, even though I think the language is a little awkward about evade Congress, and the next two paragraphs show exactly how you cannot evade Congress.

It even says in the the next-to-the-last subparagraph that even if you could figure out that this is the best thing to do in the national interest, you would have to let

Senator Lugar and Congressman Fascell know. So the record in that point paper is clear that there is a responsibility to advise Congress, whether you broke it up or you didn't break it up. And if you thought about breaking it up, you would still have to go to the chairmen concerned.

So clearly on record that a notification is going to be required. That is the last time I recall presenting the information to the Secretary or talking to the Secretary about congressional notification requirements, which was handled subsequent to that in a different system.

MR. SAXON: I think that you are right in that assessment, but someone apparently made the decision that they didn't want to go the route that would require congressional notification. Do you have any knowledge of who made that decision and how it was reached?

THE WITNESS: No. The next -- once we had this point paper, the -- I do not recall ever being asked again how this would be done in the security assistance channel.

BY MR. SABA:

Q Your suggestion here, sir, is that it wasn't done by DOD because DOD did not wish to go through the mechanisms necessary to do a transfer which involved congressional notification. Is that the reason it was then tasked to the CIA?

A I can't talk to that because I didn't make the

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judgment. If somebody had said to DOD, make a transfer of weapons to Israel and they have the money to pay for them, there is an established procedure to do that. It wasn't the Department was unwilling.

The Department never got tasked to do that, to the best of my knowledge and belief.

Q So following that to the Fort McNair meeting, I believe there was a meeting on January 16th in Admiral Poindexter's office, and do you recall that meeting?

A Not specifically, but I accept your --

Q Do you recall after the Fort McNair meeting providing any additional information to the Secretary, the following day, or in connection with the meeting on the 16th?

A No.

Q You didn't relate to him the answers Colonel North provided you?

A I may have discussed within the fact that -- I am reasonably sure I discussed with him the fact that Colonel North and I had a conversation, but that was just still in the sense of keeping him up-to-date, that this thing is moving along, and this is what is going on, just as I would have brought Mr. Koch in a couple of days earlier. I was trying to make every effort to see that the Secretary was in real time with respect to the developments.

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Q Sir, you continued to keep him informed and you told him of Colonel North's questions and response that you made, including, perhaps, the issue of price.

A The issue of price may well have been mentioned. The Secretary never really concerned himself much about price. He had no reason to, and neither did I, frankly. It is just that there was always a lot of discussion about price because depending on the model of TOW missile that you bought, the price varied considerably, and as we will learn later, you could really get into a swamp talking about the price of the TOW.

But in the context of the times, the price issue was not of great import. It is not anything that would have locked into my memory, because we didn't -- all we knew is that at some point a price had to be determined.

Q Do you recall on or around the 15th whether the Secretary asked you to obtain a legal review of any documents which you might have returned to the Department with?

A No, not that I recall.

Q Did he ask you to obtain any legal advice in the Department concerning a transfer to the CIA and from the CIA subsequently to a third party, particularly Iran?

A No, not that I recall.

Q What do you recall happened next after the Fort McNair meeting? And I would appreciate it if you would just give us the story over the next few days in your own words.

A Either the Friday night -- I don't have any -- from Fort McNair, the next event that is locked in is either on Friday night or Saturday morning, I can't recall. The Secretary communicated to me that a decision had been made, and that TOWs were to be transferred to the CIA. The number is 4,000.

I can't remember if I had any conversations with John Poindexter during that same Friday night, Saturday morning, but as a result of that direction, I called General Max Thurmond, who was the Acting Chief of Staff of the Army, and the Vice Chief of Staff of the Army, and he was a very, very old and dear friend. We were lieutenant colonels together, so I knew him rather well.

And because of the sensitivity of the mission, the fact that it was being treated with the greatest sort of compartmentation, and frankly, there might have been lives at stake, I told him I needed to see him on a matter of some importance.

He was at work, and I went down to his office from my home at Fort Myer, and one-on-one, I told him that there was a requirement for 4,000 missiles to be made available on demand as they needed them to the CIA. It was a tasking that had come from the National Command Authority, and he knew that to mean the President, and that it had been

CAS-15 determined to be legally sufficient to do it, and he could -- I was essentially giving him a warning order so he could spend the weekend figuring out how he would do this.

And that it was to be held to the closest group of people possible, and I gave him absolutely no indication of the destination of the missiles.

Q Sir, in taking it back a bit, you say it was the Secretary who informed you of the decision?

A Yes.

Q Do you recall -- I think you said the number was 4,000?

A Yes. I remember 4,000. Yes, sir.

Q Could it have been 4,500?

A It turned to 4,500 over the next several days or week.

Q All right. I would like to get to that, but I just wanted to take it, if you don't mind, take it very slowly.

A It could have been. I don't recall. But 4,000 is what is locked into my memory.

Q And do you recall -- what did he tell you to do? Just to put it through the usual channels? Did he give you any further instructions?

A His instruction was 4,000 to the CIA. We will use the Economy Act. He clearly was not happy with the tasking he was giving me. And I don't sense that he gave me much more -- or recall that he gave me much more guidance than that. I didn't need much more.

Q And the reference to the Economy Act is the question of, I take it, of the pricing of the missiles and the --

A It was more than that. It was an indication that we were providing a service to the Central Intelligence Agency.

MR. LIMAN: I am correct that the only way you can sell to the CIA is under the Economy Act?

THE WITNESS: That is my understanding, but I would need to get a lawyer --

BY MR. SABA:

Q How did the number change to 4,508?

A Some time over the next week -- and I can't quite recall how -- either from the Secretary or one of my NSC interlocutors. It might have been Admiral Poindexter or Colonel North, I really don't recall. Or it might have been that the CIA told the Army, once I put them in touch with each other, that the number was up to 4,500, and I became aware of it, it came back to me, and I confirmed it with the -- let the Secretary know about it, and there was no objection, and it was at that point that I realized that -- well, I have answered your question.

Q I am trying to understand where the extra 508 came from.

A The number that was given to me was 4,000, and sometime in a very -- within the next week or two, that number was increased to 4,500. And whether it was 4,508 or not, I don't know. I just recall it being 4,500.

Q But you wouldn't have increased that on your own?

A On my own? Oh, no.

MR. LIMAN: He said that it came from either the Secretary or from the NSC.

BY MR. SABA:

Q And you don't know.

MR. LIMAN: And you understood that it might have come --

THE WITNESS: As a matter of information, once I talked to General Thurmond, and he put me in touch with the logistics people in the Army, General Russo, at that point I put General Russo in touch with the CIA and from then on in I was in nothing but a mongering role.

MR. LIMAN: Is this when you learned that the 500 were to be used to replace earlier shipments to Israel?

THE WITNESS: Yes. It was at that point that things clicked, and I said -- I started to find out about the other 500, I just realized at that point that a transfer must have taken place and this is the replenishment of some kind.

BY MR. SABA:

Q Did you share your view on these 500 with anyone?

A I can't specifically state, but I would be willing to speculate that Mr. Armitage's testimony and the Secretary's would also recognize and corroborate that, too. And we all at that point realized -- I might have learned it from Armitage. I just don't recall.

Q Did you have any instruction or any understanding that this -- the filling of the order should bypass their [redacted] system?

A No. The [redacted] system was not something the Secretary would have recognized as a system. And lots has been made of bypassing of the [redacted] system, but I don't think I bypassed the [redacted] system. I took it to the top of the [redacted] system. General Thurmond sits in the Army at the top of the [redacted] system. And when I go to General Thurmond as a tasking, I did not in any way restrict how he accomplished it other than to tell him that it should be kept to the smallest number of people possible.

My understanding is that he then turned to Colonel [redacted] who was his [redacted] officer, if I am correct, and so I don't sense that we bypassed the [redacted] system.

It wasn't used, but it wasn't bypassed in any deliberate, in any conscious kind of way.

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MR. SAXON: Did you go to General Thurmond, though, because he was head of the [redacted] system and because General Wickham was out of town and he was the acting chief?

THE WITNESS: He was the acting chief. My standard practice for dealing with matters within the Department when I was representing Mr. Weinberger was to talk to the top merely because it reduced confusion.

BY MR. SABA:

Q Did you have any conversation in this period with either Colonel North or Admiral Poindexter concerning avoiding either the [redacted] system --

A No.

Q -- or avoiding providing information to the Joint Chiefs?

A No. I don't recall any restrictions on talking to the Joint Chiefs. It did not come up.

Q I am sorry. I didn't hear you.

A I don't recall any restrictions given to me by Admiral Poindexter with respect to talking to the Joint Chiefs. It just never came up as a subject.

Q So I am clear, it was not your intention to bypass the [redacted] system in giving the order to General Thurmond; is that correct?

A That is correct. It never entered my mind to use or not to use the [redacted] system. It simply was not -- I

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did not go down an alternate path that said, oops, I better bypass the [redacted] system. I had a specific tasking that had come from the proper authorities, and had been rendered legally correct by the proper authority, and had been given to me by the Secretary of Defense. Not to over-complicate it, but we needed 4,000 TOWs, and the place you get 4,000 TOWs is from the Department of Army, so I went to the Department of the Army and provided them the tasking to come up with 4,000 TOWs.

Q Between January 17th and, say, November 1st of '86, did anyone ever come back to you in that period and ask whether or not they should go through the [redacted] system or raise that issue with you again?

A I left the middle of March. From January 17th until the time I left, I had some discussions with people in the Army, General Art Brown, the Director of the Army Staff. I think I talked to General Wickham about it once. General Russo was my usual interlocutor, because he was the action officer, and from time to time the point was made not so much about the [redacted] system, but about the notification.

Q I would like to get to the notification in a minute, but I just wanted to clear up this [redacted] --

A I don't recall anyone ever saying "you fouled up" or "you should have taken it and sent it to the [redacted] system". Because -- I am familiar with the [redacted] system which exists for CIA requests that are coming to the Department. This was a request that was coming from the National Command Authority for the Department to provide a service to the CIA, which was a rather simple, clean tasking to provide them 4,000 missiles. So it didn't seem to me it was necessary, you know, it just didn't dawn on me or occur to me to enter the [redacted] system by calling [redacted] the Joint Staff. Having called the Vice Chief of Staff of the Army, he sits as not only at that date the Acting Chief of Staff, [redacted]

Q I would like to move to the issue of notice, which you began to discuss, and I will ask you to just tell us what you recall.

A My recollection is that at the time the finding was signed and the tasking was given, it had come from the National Command Authority, and it had been determined to be legally sufficient. My understanding that by "legally sufficient", the authority existed not to make a notification at this time. But that a notification would be required at some point, and so, therefore, go ahead with this, and notification will be handled at the appropriate time by the appropriate agency.

So that is my understanding. The Army, after they

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started to work the problem, recognized that a notification was required, but they also understood that the notification was to be made by the person who was responsible for notifying and it wasn't the Army. They didn't even know where the missiles were going. They were merely providing an Economy Act service to the Central Intelligence Agency, but they knew at some point notification was going to be required.

And so I guess it was in March at some point that the Army General Counsel in discussion with the Director of the Army Staff and General Russo and others got nervous, quite correctly, and sent me a memo on the subject.

Q Our next exhibit is exhibit 8. It is a three-page document. The first are handwritten notes. The second is a memorandum for Vice Admiral Poindexter dated 12 March 1986. And underneath that is a memorandum for the Military Assistant to the Secretary of Defense dated 7 March 1986, and signed by Arthur Brown, Lieutenant General, GS, Director of the Army Staff.

(The documents referred to were marked for identification as CP. Exhibit 8.)

BY MR. SABA:

Q Is this -- is the third page of this exhibit the memo which you just referred to?

A Yes.

Q Can you tell us what you did on receipt of this memo?

A Upon receipt of it, I read it, I showed it to the Secretary, and told the Secretary that the Army is uneasy about this transaction, they have a point, and that what I was going to do with the memo was provide it to Admiral Poindexter.

Q And I take it the second page of this exhibit dated 12 March is that cover memorandum?

A I dictated this, had it typed, and I handed it to Admiral Poindexter.

Q You handed it to him personally?

A Personally. The Secretary's conference room after breakfast.

Q Did you have a discussion about it with him?

A I said -- it was after one of our regular breakfast that we had once a week with the National Security family. And I said, John, I am going to give you this memo from the Army because they are concerned over the notification requirement, and you are the ones handling that, and the Army doesn't even know to whom the missiles are going, and so I have got to give this to you, and you can handle it either with the agency or however you plan to do it. And he noted it. We didn't discuss it any further. It didn't

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require discussion. He put it in his folder and left with it. And I see now he wrote a note to Paul.

Q Do you know -- the reference "Paul", do you know who that would be?

A I speculate that it is Commander Paul Thompson.

Q Do you recall if Admiral Poindexter told you he was taking any specific action?

A I don't recall that he was -- that he said he would take any specific action. He acknowledged receiving the memo and he acknowledged that a notification was required, but that doesn't surprise me because we always knew that a notification would be required at some point. So he acknowledged that he took it.

Q I take it he didn't tell you what he was going to do about it?

A No.

Q So he took the memo from you and did you have any further inquiries about it subsequently?

A No. Never again. I reported to the Secretary that I had given it to the proper person, and I may have told Art Brown who was concerned about it that I had passed it on.

MR. McGRATH: When did you leave, again?

THE WITNESS: About a week after this. I think the 17th of March.

MR. SABA: The time is growing short and there are other people in the room who maybe want to follow up on some of these questions themselves, so I am going to stop and review my own notes.

MR. LIMAN: I have not been shy about interposing questions, as you noticed, as we went along.

MR. McGRATH: Let the record reflect that it is not surprising us.

EXAMINATION ON BEHALF OF SENATE SELECT COMMITTEE

BY MR. SAXON:

Q I have a couple of quick questions. A follow-up on the meeting, the luncheon meeting that Mr. Armitage had with Colonel North on December 3rd of 1985, after the reports indicated there were ongoing discussions between American officials and Iranians. Do you recall Mr. Armitage -- you have testified that he told you about that. Do you recall him saying that he said something to the effect, Colonel North, there are people meeting with the Iranians and discussing this matter, and Ollie said, yeah, it is me?

A I don't recall if Mr. Armitage passed that observation on to me.

Q The point being not just that they were talks ongoing, but that Colonel North confirmed to Mr. Armitage that he was involved in those talks.

A I don't recall that specifically.

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Q Mr. Saba asked you earlier about General Malone. Do you recall even Mr. Koch or Mr. Armitage indicating that on or about the 2nd of January 1986, that they had occasion to meet with General Malone to discuss TOW prices with the Israelis?

A Who?

Q That Mr. Koch would have met on January 2nd with General Malone, and that separately Mr. Armitage would have met January 2nd with General Malone?

A I don't recall. I don't have any recollection.

Q I believe my final question, you in your sworn statement to the Department of the Army, I.G., the recall testimony that for the record would have been on 22 December 1986. You indicated after recounting for them how the price moved around a lot, a wide range over the fall of 1985, and early 1986, for TOW missiles. You indicated that your interlocutors at the NSC, one of them -- and you couldn't recall who, I believe -- indicated that finally the price when it got down to about $4,000, or just under $4,000, had gotten down to where it should have been all along.

Without going through all of the complicated pricing transactions, which we know took place, what can you tell us to elaborate on that time?

A I think most of us -- those of us in this were

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military officers. I had always been carrying a price around of a TOW of about $4,000, and suddenly somewhere inflation had hit me, and new TOWs, models, had hit me, and I discovered that you could pay as much as $12,000 for a TOW.

So I recall passing this back, and finding great surprise that a TOW could cost this much because people had bought TOWs for much less. And then entering into discussions with I think mostly John Poindexter about the concept of replacement or replacement pricing if it is an FMS sale. The Army gives up an old TOW. It can't buy an old TOW. It has to buy a new TOW if it wishes to have not lost a TOW.

Therefore, you have to pay $12,000 as opposed to $4,000. That kind of discussion.

And I know that this was going on throughout the whole period, and when they -- I guess Noel and whoever he was discussing things with came to the conclusion that it is possible through some means either by getting the old, coated TOWs or finding another way of pricing it, had gotten down to something like $4,000.

And so it finally settled out at $4,000, but that was just sort of a piece of information that was provided to me. It had no particular relevance to my concerns, because I wasn't trying to get a low price or a high price. I was only interested in providing the right price.

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Q Okay. For the record, I understand you to be saying at no point did you put any pressure on General Russo to come up with a low price?

A Absolutely not.

Q Are you aware --

A In fact, I want to amplify on that. The steady, continuous, drum beat guidance I gave to the Army and to General Russo was get every penny that this cost the Army. I don't care if it is $4,000 or $12,000, because it is the Economy Act, you ought to get full reimbursement. It is also my Army that is losing -- might lose money on this.

Q Are you aware of anyone from the NSC putting any pressure on General Russo to come up with a low price?

A I am not aware of anybody in the NSC putting pressure on General Russo, nor on me, for that matter.

Q The same question from the CIA to General Russo --

A Not to my knowledge.

MR. SAXON: That is all I have.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. GENZMAN:

Q I have got a couple of questions regarding the TOW point paper, a copy of which we do not have, as we have mentioned earlier. Can you compare the content to the Hawk point paper, a copy of which we have as Exhibit 3? Do you recall similarities?

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A I am reluctant to do so, unless we had both papers.

I think to clarify this, we need to get this paper so we all can see it. I have no idea. This afternoon is the first I have heard of this problem.

Q Did you play any role in either preparing or re vising either of the two point papers?

A No. No. I had no expertise in the matter. I wouldn't have revised it.

MR. GENZMAN: That is all I have.

MR. LIMAN: Thank you very much.

MR. SABA: General, on behalf of our Committee, the Joint Committees, we wish to thank you for your time. We appreciate your efforts.

THE WITNESS: I appreciate it. I am sorry you had to come down here to get it, but I do appreciate giving me that opportunity of saving a little travel time.

(Whereupon, at 1:50 p.m. the deposition was adjourned.)

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Colin Powell Ex 1 6/18/85

[redacted]

OFFICE OF THE SECRETARY OF DEFENSE
THE MILITARY ASSISTANT

18/6

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HAS SEEN
JUN 18 1985

Sec Def,

This came in "Eyes Only" for you. After you have seen recommend I pass to Rich Armitage for analysis.

This is almost too absurd to comment on - By all means pass it on to Rich - but the assumption here is 1) that Iran is about to fall & 2) we can deal with that on a rational basis - It's like asking Qadhafi to Washington for a cozy chat.

C

Partially Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

2985

[redacted]

DEPOSITION
EXHIBIT
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EYES ONLY

OFFICE OF THE SECRETARY OF DEFENSE

THE MILITARY ASSISTANT 19 Jun 85

[redacted]

NOTE FOR USD(P)
ASD(ISA)

Yours for action. See my recommendation and SecDef's comment on the attached. SecDef's comments read as follows:

"This is almost too absurd to comment on. By all means pass it to Rich, but the assumption here is: 1) that Iran is about to fall, and 2) we can deal with that on a rational basis. ~~[illegible]~~ like asking Qadhafi to Washington for a cozy chat."

V/R, C

Colin L. Powell
Major General, USA
Senior Military Assistant
to the Secretary of Defense

cc: DepSecDef

EYES ONLY

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THE WHITE HOUSE

WASHINGTON

6/17/85

[illegible]

D 91

June 17, 1985

SEC DEF
HAS SEEN
JUN 18 1985

~~SECRET~~/WITH
~~TOP SECRET~~ ATTACHMENT

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

SUBJECT: U.S. Policy Toward Iran (S)

The Director of Central Intelligence has just distributed an SNI on "Iran: Prospects for Near-Term Instability", which I hope yo have received. This SNIE makes clear that instability in Iran i accelerating, with potentially momentous consequences for U.S. strategic interests. It seems sensible to ask whether our current policy toward Iran is adequate to achieve our interests. My staff has prepared a draft NSDD (Tab A) which can serve to stimulate our thinking on U.S. policy toward Iran. I would appreciate your reviewing the draft on an eyes only basis and providing me with your comments and suggestions. I am concerne about the possibility of leakage should we decide not to pursue this change in policy with the President. If you feel that we should consider this change, then I would refer the paper to the SIG(FP) in preparation for an NSPG meeting with the President. (S)

Robert C. McFarlane

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~~TOP SECRET~~ ATTACHMENT

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NSC/ICS 4020

THE WHITE HOUSE
WASHINGTON

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NATIONAL SECURITY DECISION
DIRECTIVE

U.S. Policy Toward Iran

Dynamic political evolution is taking place inside Iran. Instability caused by the pressures of the Iraq-Iran war, economic deterioration and regime infighting create the potentia for major changes in Iran. The Soviet Union is better positione than the U.S. to exploit and benefit from any power struggle tha results in changes in the Iranian regime, as well as increasing socio-political pressures. In this environment, the emergence o a regime more compatible with American and Western interests is unlikely. Soviet success in taking advantage of the emerging power struggle to insinuate itself in Iran would change the strategic balance in the area. [redacted] While we pursue a number of broad, long-term goals, our primary short-term challenge must be to block Moscow's efforts to increase Soviet influence (now and after the death of Khomeini). This will require an active and sustained program to build both our leverage and our understanding of the internal situation so as to enable us to exert a greater and more constructive influence over Iranian politics. We must improve our ability to protect our interests during the struggle for succession.

U.S. Interests and Goals

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The most immediate U.S. interests include:

(1) Preventing the disintegration of Iran and preserving it as an independent strategic buffer which separates the Soviet Union from the Persian Gulf;

(2) Limiting the scope and opportunity for Soviet actions in Iran, while positioning ourselves to cope with the changing Iranian internal situation;

(3) Maintaining access to Persian Gulf oil and ensuring unimpeded transit of the Strait of Hormuz; and

(4) An end to the Iranian government's sponsorship of terrorism and its attempts to destabilize the governments of other regional states.

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We also seek other broad and important, if less immediately urgent, goals.

(1) Iran's resumption of a moderate and constructive role as a member respectively of the non-communist political community, of its region, and of the world petroleum economy;

(2) continued Iranian resistance to the expansion of Soviet power in general, and to the Soviet occupation of Afghanistan in particular;

(3) an early end to the Iran-Iraq war which is not mediated by the Soviet Union and which does not fundamentally alter the balance of power in the region;

(4) elimination of Iran's flagrant abuses of human rights;

(5) movement toward eventual normalization of U.S.-Iranian diplomatic consular and cultural relations, and bilateral trade/commercial activities;

(6) resolution of American legal and financial claims through the Hague Tribunal; and

(7) Iranian moderation on OPEC pricing policy.

Many of our interests will be difficult to achieve. But given the rapidity with which events are moving, and the magnitude of the stakes, it is clear that urgent new efforts are required. moving forward, we must be especially careful to balance our evolving relationship with Iraq in a manner that does not damag the longer term prospects for Iran.

Present Iranian Political Environment

The Iranian leadership faces its most difficult challenges sinc 1981. The regime's popularity has declined significantly in th past six months, primarily because of intensified disillusionme with a seemingly unending war, the continued imposition of Islamic social policies on a population increasingly reluctant accept such harsh measures, and a faltering economy brought on primarily by declining oil revenues. The impact of these problems is intensified by the realization that Ayatollah Khomeini's mental and physical health is fragile, which in turn casts a pall of uncertainty over the daily decision-making process.

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Unless the acceleration of adverse military, political and economic developments is reversed, the Khomeini regime will face serious instability (i.e. repeated anti-regime demonstrations, strikes, assassination attempts, sabotage and other destabilizin activities throughout, increasingly involving the lower classes) This condition will sap officials' energies and government resources, intensifying differences among Iranian leaders as the government tries to avoid mistakes that would provoke popular upheaval and threaten continued control.

While it is impossible to predict the course of the emerging power struggle, it is possible to discern several trends which must be accounted for by U.S. policy. As domestic pressures mount, decision-making is likely to be monopolized by individual representing the same unstable mix of radical, conservative and ultra-conservative factions that now control the Iranian government. The longer Khomeini lingers in power, the more likely the power struggle will intensify, and the greater the number of potential leaders who might affect the outcome of the struggle.

The ultimate strength of various clerical groups and the power coalitions they may form are not known. However, the weaknesses of various opposition groups -- inside Iran and abroad -- are evident, especially the lack of a leader with sufficient stature to rival Khomeini and his ideas. The most likely faction in a power struggle to shift Iranian policy in directions more acceptable to the West -- should their influence increase -- are conservatives working from within the government against the radicals. Radicals within the regime, and the leftist opposition, are the groups most likely to influence the course events in ways inimical to Western interests.

The Iranian regular armed forces represent a potential source of both power and inclination to move Iran back into a more pro-Western position. Representatives of every faction inside and outside the regime recognize the potential importance of the military and are cultivating contacts with these forces. However, as long as the Army remains committed in the war with Iraq it will not be in a position to intervene in Tehran.

The other instrument of state power, the Revolutionary Guard, i becoming increasingly fractured. It will probably come apart following Khomeini's death, and might even engage in a major power struggle before then. In any scenario, the Guard will be at the center of the power struggle.

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The Soviets are well aware of the evolving developments in Iran. They will continue to apply carrot-and-stick incentives to Iran in the hope of bringing Tehran to Moscow's terms for an improved bilateral relationship that could serve as a basis for major growth in Soviet influence in Iran. Moscow will clearly resist any trend toward the restoration of a pro-Western Iranian government.

Despite strong clerical antipathy to Moscow and communism, Tehran's leadership seems to have concluded that improvement of relations with the Soviet Union is now essential to Iranian interest. They do not seem interested in improving ties with us This Iranian assessment is probably based on Tehran's view of what Moscow can do for -- and against - Iran rather than on an ideological preference to conduct relations with Moscow. The USSR already has much leverage over Tehran -- in stark contrast to the U.S.

Moscow views Iran as a key area of opportunity. [redacted] In return, Moscow is certain to offer economic and technical assistance, and possibly even military equipment. While they have heretofore balked at providing major weapon systems, the Soviets might relax their embargo if the right political opportunities presented themselves. While Moscow would probably not act in a manner that severely disrupts its relations with Baghdad, given Iraq's dependency on the USSR for ground forces equipment, Moscow possesses considerable room for maneuver if it senses major openings in Tehran for the establishment of a position of significant influence.

-2-

Moscow may also pursue a strategy based on support of separatist movements. The Soviet Union has had ample opportunity to cultivate the ethnic groups that cut across the Soviet-Iranian border. Most ethnic groups are unlikely to challenge the central government in Tehran as long as they fear severe reprisals. But in the areas of Iran adjacent to the Soviet border, the Soviets can provide a security umbrella to protect rebellious ethnic groups from reprisals.

The U.S. position in Tehran is unlikely to improve without a major change in U.S. policy. The challenge to the U.S. in the post-Khomeini period will be severe. Any successor regime will probably seize power in the name of Islam and the revolution and

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D 96

can be expected to have a built-in anti-American bias. A more conservative regime, still Islamic, might lessen the emphasis on revolution and terrorism and could move cautiously toward a more correct relationship with the U.S. On the other hand, radical forces will try to exacerbate anti-American feelings to strengthen their own positions at the expense of the conservatives.

Our leverage with Iran is sharply reduced by the current degree of hostility that springs from the ideology of the radical clergy, especially as it serves their foreign policy goals. Moreover, the moderate and conservative elements of the clergy may also share the radicals' belief that we are inveterately hostile to the Islamic government, making accommodation with the U.S. impossible. The clerical regime continues to believe that the U.S. has not accepted the revolution and intends to reverse the course of events and install a puppet government. This perception has been reinforced by our restoration of diplomatic relations with Iraq, efforts to cut the flow of arms to Iran, an direct threats of military action in retaliation for Iranian-inspired anti-U.S. terrorism.

U.S. Policy

The dynamic political situation in Iran and the consequences for U.S. interests of growing Soviet and radical influence, compel the U.S. undertake a range of short- and long-term initiatives that will enhance our leverage in Tehran, and, if possible minimize that of the Soviets. Particular attention must be paid to avoiding situations which compel the Iranians to turn to the Soviets. Short-term measures should be undertaken in a manner that forestalls Soviet prospects and enhances our ability, directly and indirectly, to build U.S. and Western influence in Iran to the maximum extent possible in the future. Planning for the following initiatives should therefore proceed on a fast and longer-term track. The components of U.S. policy will be to:

(1) Encourage Western allies and friends to help Iran meet its import requirements so as to reduce the attractiveness of Soviet assistance and trade offers, while demonstrating th value of correct relations with the West. This includes provision of selected military equipment as determined on a case-by-case basis.

[redacted]

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DRAFT

~~TOP SECRET~~ intentions are somewhat generalized

D 97

(3) Increase contacts with allies and friends [redacted] on the evolution of the Iranian situation and possible means for influencing the direction of change, and be ready to communicate with Iran through these or other countries [redacted]

specified?

(4) Take advantage of growing political fragmentation by:

-- discreetly communicating our desire for correct relations to potentially receptive Iranian leaders;

-- [redacted]

-- providing support to elements opposed to Khomeini and the radicals.

(5) Avoid actions which could alienate groups potentially receptive to improved U.S.-Iranian relations.

(6) Respond to Iranian-supported terrorism with military action against terrorist infrastructure.

B

(7) Enhance our effort to discredit Moscow's Islamic credential with a more vigorous VOA effort targeted on Iran.

(8) Develop action plan in support of the basic policy objective, both for near-term contingencies (e.g. death of Khomeini) as well as the long-term restoration of U.S. influence in Tehran.

(9) With respect to the Gulf war:

-- Continue to encourage third party initiatives to seek an end to the war;

-- Increase military cooperation with Gulf Cooperation Council countries, and bolster U.S. military capabilities in the Gulf area to enable CENTCOM to be fully capable of carrying out its mission; and

-- Seek to curb Iran's collaboration with its radical allies (i.e. Syria and Libya).

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-- [redacted] seek ways to establish contacts with "moderates" [redacted] who play important roles in the administration of Islamic rule but who also favor policies more favorable to US and Western interests. [redacted]

Political

-- Through contacts with allies and friends, we should discreetly communicate our desire for correct relations to potentially receptive Iranian leaders based on their renunciation of state-supported terrorism, their willingness to seek a negotiated settlement to the Iran-Iraq war, their non-interference in other states' affairs, and their cooperation in settling US-Iranian claims in the Hague Tribunal.

-- Maintain our neutrality in the Iran-Iraq war while encouraging third party initiatives to end the conflict and increasing political-military cooperation with Gulf Cooperation Council countries.

-- In light of recent evidence that our allies continue to permit sporadic transfers of militarily useful equipment to Iran and that negotiations may be taking place between commercial firms and Iranian officials, we should increase the pressure on our allies by considering public statements and possible sanctions.

Public Diplomacy

-- Our public statements on Iran should bring pressure to bear squarely where it is needed--on the current Iranian regime. In tone, our public position must avoid casting Iran as a country and the Iranian people and culture, as well as Shia Islam, as the enemy, but should emphasize opposition to the policies of the present Iranian government and the corrupt mullahs inside the government. Our statements should aim to encourage those elements in Iran who disagree or oppose regime policies.

Economic

-- A full range of US export controls are already in effect. [redacted] We should reassess the effectiveness of present controls in curbing all but strictly civilian exports.

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-- In conjunction with discreet political contacts proposed above, we could suggest to the Iranians that correct relations would include relaxation of current US trade restrictions and normal trade relations with an Iranian government that is not hostile to US interests.

(TS) I concur with the balance of the recommendations in the draft NSDD in so far as they support current US policy. My recommendations reflect my very strong view that US policy must remain steadfast in the face of international lawlessness perpetrated by the Iranian regime. Changes in policy and in conduct, therefore, must be initiated by the Iranian government. By remaining firmly opposed to current Iranian government policies and actions, yet supportive of moderation and a longer term improvement in relations, we can avoid the future enmity of the Iranian people and develop the leverage necessary to counter a possibly very dangerous increase in Soviet influence. In particular, we need to be prepared for a possible period of turmoil as the regime begins to change, by building up effective instruments of influence and access to people and organizations within Iran, so as to counter a Soviet attempt to promote a pro-Soviet successor regime.

cc: Secretary Shultz

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UNCLASSIFIED

From NSOLN --CPUA **UNCLASSIFIED** and time 11/20/85 21:27:39
To: NSJMP --CPUA

*** Reply to note of 08/31/85 13:26

[illegible] Dx-2 20 Nov85 11/29

Taft Ex #3
6/25/87 mas

Col[illegible] Ex[illegible] 110[illegible]

-- ~~SECRET~~ --

N 28724

NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK
Wrap Up as of 2030 EDT.
The Israelis will deliver 80 Mod HAWKS [redacted] at noon on Friday 22 Nov. These 80 will be loaded aboard three chartered aircraft, owned by a proprietary which will take off at two hour intervals for Tabriz. The aircraft will file for overflight through the [redacted] enroute to Tabriz from [redacted] Appropriate arrangements have been made with the proper [redacted] air control personnel. Once the aircraft have been launched, their departure will be confirmed by [redacted] who will call [redacted] who will call [redacted] who will direct [redacted] in Beirut to collect the five rpt five Amcits from Hizballah and deliver them to the U.S. Embassy. There is also the possibility that they will hand over the French hostage who is very ill.
There is a requirement for 40 additional weaps of the same nomenclature for a total requirement of 120. $18M in payment for the first 80 has been deposited in the appropriate account. No acft will land in Tabriz until the AMCITS have been delivered to the embassy. The Iranians have also asked to order additional items in the future and have been told that they will be considered after this activity has succeeded. All transfer arrangements have been made by Dick Secord, who deserves a medal for his extraordinary short notice efforts.

Replenishment arrangements are being made through the MOD purchasing office in NYC. There is, to say the least, considerable anxiety that we will somehow delay on their plan to purchase 120 of these weapons in the next few days. IAW your instructions I have told their agent that we will sell them 120 items at a price that they can meet. I have further told them that we will make no effort to move on their purchase LOA request until we have all five AMCITS safely delivered. In short, the pressure is on them.

Tomorrow we will dispatch a covert hostage debrief team to Wiesbaden, under cover of an exercise. [redacted] EUCOM will be told to prepare a C-141 for four-hour alert to pick up any hostages who may be released over the weekend. All of the parties above will be told that we have info (from the same source which advised us of Wier's release) that some, if not all, AMCIT hostages will be turned over [redacted] between now and Sunday.

As soon as we have the release confirmed, we need to move quickly with Defense to provide the 120 missiles the Israelis want to buy. They are very concerned that they are degrading their defense capability, and in view of the Syrian shoot-down yesterday the PM has placed considerable pressure on both Rabin and Kimche for very prompt replacement. Both called several times today.

There is the distinct possibility that at the end of the week we will have five Americans home and the promise of no future hostage takings in exchange for selling the Israelis 120 Mod HAWKs. Despite the difficulty of making all this fit inside a 96-hour window, it isn't that bad a deal -- [redacted] Warm regards.
Recommend pass to RCM after review. North.

3071

Partially Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger National Security Council

[redacted]

UNCLASSIFIED

12 Dec 86
Colin Powell
Ex 2

DEFENSE SECURITY ASSISTANCE AGENCY

12 Dec 86

Memo For Record

The attached talking points were prepared by me, as Acting Director, DSAA, on or after 19 November 1985, at the request of Noel Koch and Gen. Colin Powell (then Mil. Asst. to SecDef). They were furnished to Mr. Koch to take to Gen. Powell.

H Gaffney

Dr Hank [illegible]
695-5459
4E [illegible]

or foreign sale.
- [illegible] intended for
tended for tests,

000 apiece. This is
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be $36-52.5 million.
added (NRC cost,
charges, plus

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given in any case.

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and all Administrations

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by B. Reger, National Security Council

[illegible]

-- It is conceivable that, upon satisfactory consultation with Chairmen Lugar and Fascell and their minority counterparts, they might agree to splitting the sale into smaller packages.

- The customer countries (UAE and Korea) would have to be told that their deliveries had been rescheduled, but we would not have to tell them why. We would not want to charge them more for later deliveries.

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DEPOSITION
EXHIBIT
CWW-2
4/17/87 NRd

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POINT PAPER

Hawk Missiles for Iran

- Missiles are available right now, suitable for foreign sale. There are 164 missiles at Red River Arsenal - [illegible] intended for UAE and 8[illegible] for Korea. Seven of these are intended for tests, but the tests can be foregone.

- The missiles at Red River Arsenal cost $300,000 apiece. This is not necessarily a firm price, and replacements could cost as much as $437,500 apiece.

- Thus, the total bill for 120 missiles would be $36-52.5 million. To this, applicable charges would have to be added (NRC cost, administration charge, packing and transport charges, plus storage).

- The missiles for Korea and UAE would have to be replaced, so DSAA will need the money to replace them.

- The modalities for sale to Iran present formidable difficulties:

  - -- Iran is not currently certified for sales, including indirectly as a third country, per Sec. 3 of the AECA.

  - -- Congress must be notified of all sales of $14 million or more, whether it is a direct sale or indirect to a third country. The notice must be unclassified (except for some details), and the sale cannot take place until 30 days after the notice. The 30 days can be waived for direct sales, but the third country transfer has no such provision, and notice must still be given in any case.

  - -- Thus, even if the missiles were laundered through Israel, Congress would have to be notified.

- It is conceivable that the sale could be broken into 3 or 4 packages, in order to evade Congressional notice.

  - -- While there is no explicit injunction against splitting up such a sale (subject to check...), the spirit and the practice of the law is against that, and all Administrations have observed this scrupulously.

  - -- It is conceivable that, upon satisfactory consultation with Chairmen Lugar and Fascell and their minority counterparts, they might agree to splitting the sale into smaller packages.

- The customer countries (UAE and Korea) would have to be told that their deliveries had been rescheduled, but we would not have to tell them why. We would not want to charge them more for later deliveries.

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The political drawbacks are equally formidable:

- -- If Iraq ever found out, they would be greatly irritated. Their sources of supply are more readily accessible than Iran's, however, so there would be no effect in that respect.
- -- Saudi Arabia and the other Gulf States would also be irritated and alarmed.
- -- If Israel were used as the laundering country, they would be greatly encouraged to continue selling to Iran, and to expand their sales.
- -- If the sale became known, all bars would be removed from sales by such countries as Spain, Portugal, Greece, UK, Italy, and FRG, countries who are only barely restrained from overt, large sales to Iran now.
- -- In short, the risk is that of prolonging and intensifying the Iran-Iraq war, while seriously compromising US influence over Israel and other countries to restrain sales to Iran.

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[redacted]

[redacted]

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1. Find 'em
2. When available?
3. Notify Congress
4. Prepare LOA

3048

[illegible] on 30 July 87
under provisions of E.O. 12356
by [illegible], National Security Council

[illegible]

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[redacted]

$$\begin{array}{r} 120 \\ 300 \\ \hline 36000 \end{array} \qquad \begin{array}{r} 120 \\ 77 \\ \hline 43 \end{array}$$

UAE produced

146 K each

Red River
Arsenal 77 (of which 3 test)
(Texas-Ark) 87 (of which 4
164 (300K)

[redacted]

[redacted]

(3049)

Declassified/Released on 30 July 87
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

1. Find em
2. When available?
3.

UNCLASSIFIED

[redacted]

[redacted]

[illegible] on 30 July 87
[illegible] provisions of E.O. 12356
By [illegible], National Security Council

3050

1. 100 to Israel shipped two weeks ago
2. 11 to [illegible]; others [illegible] to
CF.

or [illegible]
CF.

[redacted]

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TAD=85323/19812 CSSN=MAJ520 [illegible]
PAGE [illegible]

DEPOSITION EXHIBIT
CP-4
6/19 ST

UNCLASSIFIED 21 NOV 85 38

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

1. How soon to produce?
2. How soon from [illegible] stocks?
   how many days?
3. Legal question: stringent terms.
   LOA
   Notice.
   Above threshold
   Why piecemeal doesn't work.
4. If to Israelis, have to do renotice for 3rd country.
   Legal
   Policy
5. Procedure
   Israel first – then backfill.
6. Who & how pays?
7. Repercussions: Iraq, other selling countries.
8. How shipped?

Where do we stand on [redacted]

Powell is not agitated. Told NSC to ease up.

Long-standing development of MLRS co-production consortium has now been thrown for a loop by [redacted]

REPORT TO GAST

- ~~SDAF report signed & delivered; [illegible] will follow~~
- ~~[illegible]~~

[redacted]

- ~~Robust budget memo~~
- ~~[illegible] retirement (he will want you to officiate) AF approved December 20.~~
- ~~HAC 2nd CR markup~~
- ~~[illegible] & [illegible] on robust study~~
- ~~Senegalese visit~~
- ~~SDAF mission w/ [illegible]~~
- ~~UK Tornado visit~~

- NATO Coop reply to Iklé – it's with Michael.

DEPOSITION EXHIBIT
#7

5568

UNCLASSIFIED

6 Dec 85

55 6 DEC 85

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DEPOSITION
EXHIBIT
CP-5
6/19 JT

164 I-TOW: TOW-II back?
-77
87 TOW II replacement price... wait leadtime... which is long because mods being made. Almost have to come out of Army inventory.... What schedule? I-Hawk: shipping dates? Testing going on...

2200
11,000
2200
2200
$400,000

[redacted]

~~DONE TO ANALYZE GRAMM-RUDMAN~~
~~↓~~
~~Add bar to 8987 chart~~

~~ALSO FROM PLANS TO ATTACK? RAFTING?~~

~~CR passed Sunday? Conference tomorrow. Another CR into January? (or Feb) WHAT ABOUT STAFF?~~

[redacted]

Challenges for the Coming Year
Washington
✓ • Funding
✓ • Saudi/Jordan arms sales

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by K. Johnson, National Security Council

[redacted]

Accomplishments (5569)
The really major ones:

[redacted]

[redacted]
CT not in there.

DEPOSITION
EXHIBIT
#10

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Colin Powell NO Date DX 2
D 21546 Ex 6

Partially Declassified/Released on 23 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

(1270)

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
INTERNATIONAL SECURITY AFFAIRS
AFRICA REGION

[redacted]

MEMO FOR

✓ TOW discussed repeatedly w/ Rudd & Gaffney in Dec.

[redacted]

✓ TOW paper locked in Rhett safe, meanwhile Rudd has copy.

Original was 3000. Definitely this number in stock.

No way to keep transfer secret.

Most said low possibility of [illegible] was to the blacks.

Thought Israelis would attach notice. even if we forced to waive Sec. 36B (notice to Hill)

CIA purchase (through NSC 17) get

x Sec. Replace w/ TOW's [illegible] 4- [illegible] 500

UNCLASSIFIED

[redacted]

To: NSJMP --CPUA Date and time [illegible]/15/86 [illegible]

1/15/8
Colin Powell 15JAN86
Ex.7
N 28733

*** Reply to note of 08/31/85 1[illegible]

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NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK

Continuation of last note (hit SEND when I meant to hit ADD LINES) ... Casey believes that Cap will continue to create roadblocks until he is told by you that the President wants this to move NOW and that Cap will have to make it work. Casey points out that we have now gone through three different methodologies in an effort to satisfy Cap's concerns and that no matter what we do there is always a new objection. As far as Casey is concerned our earlier method of having Copp deal directly with the DoD as a purchasing agent was fine. He did not see any particular problem w/ making Copp an agent for the CIA in this endeavor but he is concerned that Cap will find some new objection unless he is told to proceed. Colin Powell, who sat next to me during Cap's speech asked the following questions (my answers are indicated):

Q. Does Copp deal w/ Iranians or Israelis?
A. With the Israelis.

[redacted]

Q. What cost are the Israelis willing to pay for the basic TOWS?
A. They (thru Copp) have funds to pay Fair Market Value (FMV should be about $4900-5400 ea. depending on age) and to cover the cost of transportation. They do not have enough to pay for I TOW (about $9500 ea or TOW II ((about $13000 ea.). We have frequently sold the Israelis weaps/materiel at FMV vice the replacement cost to the U.S. Since we have over 100K of the basic TOW in our inventory and cannot even use it in training due to its age, we ought to look at this as an opportunity to collect on a weapon which we aren't using (all are in PWR according to Koch) and will eventually have to dispose of because we cannot sell them off otherwise. (I'm told that Hughes Acft, the mfgr. has an agreement w/ DoD that all normal FMS transactions will be handled as a producer sale in order to keep DoD fm undercutting the production line by selling off old stocks).

The most recent proposal (Copp as agent for the CIA and sales to the Israelis who then deliver weaps to the Iranians) can only work if we can get the Israelis to come up on their price. I have been unable to contact NIR who is in Europe for a meeting [redacted] He still does not know that we are aware that the Iranians have offered $10K per TOW. He has however left a message that we must have a go/no go decision today and that conditions in Brt. continue to deteriorate.

[redacted]

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Taft Ex.#5
6/25/87 mas

3070

Partially Declassified/Released on 30 July 87
under provisions of E.O. 12356
by B. Reger, National Security Council

12 MAR 86

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DEPOSITION
EXHIBIT
CP-8
6/19 JT

N 9897

Paul,
3/12/86
Put this with the
finding

JP

5570

RECEIVED
FBI
NOV 29 1986
Copy is Receipt

T108

[redacted]d/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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3/12/86
12MAR86

N 9895

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

12 March 1986

MEMORANDUM FOR VICE ~~ADMIRAL~~ John POINDEXTER

The attached memorandum from the Director of the Army Staff is self-explanatory. It reflects the unease of the Army General Counsel's office over the transfer of items with which you are familiar. As you know, we have been handling this program on a very close hold basis, and the Army has been told nothing with respect to destination. Per guidance received from NSC, the Army has been told that they have no responsibility for Congressional notification. The Army has also been told that whatever notifications are to be made will be taken care of at the appropriate time by the appropriate agency and that the Attorney General has provided an opinion that supports this position.

The Secretary asked that I make you aware of the Army's concerns in the event you wish to advise the DCI or the Attorney General.

Colin L. Powell
Major General, USA
Senior Military Assistant
to the Secretary of Defense

3102a

Partially Declassified/Released on 30 July 87
Under provisions of E.O. 12356
By [illegible] National Security Council

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~~TOP SECRET~~

3/7/86
7 MAR 86

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
WASHINGTON, D.C. 20310

N 9900

DACS-SD

7 MAR 1986

MEMORANDUM FOR THE MILITARY ~~ASSISTANT~~ Colin TO THE SECRETARY OF DEFENSE

SUBJECT: Congressional Notification of Significant Intelligence Activities (U)

1. ~~(TS/NOFORN)~~ On 18 January 1986, the Army responded to a verbal tasking from your office to provide 1,000 TOW missiles to the Central Intelligence Agency with a contingency for 3,509 more at a later date. The first 1,000 missiles were delivered on 14 February 1986 to the CIA.

2. ~~(TS/NOFORN)~~ This request for support circumvented the normal [redacted] System for reasons of security, yet the support exceeded the $1 million threshold established in the FY86 Intelligence Authorization Bill for reporting to Congress as a "significant intelligence activity." Funds in excess of $3.5 million were provided by the CIA to reimburse the Army for the first 1,000 missiles. Billing and payment will occur within 60 days, or when all missiles are delivered, whichever is shorter. The Agency expects to complete the project within 60 days.

3. (TS/NOFORN) SECDEF memorandum of 13 June 1983, subject: DoD Support [redacted] (S), establishes responsibility for notification of Congress of DoD support to the Agency with the Deputy Under Secretary of Defense for Policy. It also confirms that primary responsibility resides with the Director, Central Intelligence. In the case of the TOW missiles, the Army understanding on responsibilities for notification conforms with your June 1983 memorandum.

4. ~~(TS/NOFORN)~~ This memo is to assure understanding of statutory requirements should this issue be raised by one of the Congressional intelligence committees in the future.

3102b

Partially Declassified/Released on 30 July 87
under provisions of E.O. 12356
by B. Reger, National Security Council

ARTHUR E. BROWN, JR.
Lieutenant General, GS
Director of the Army Staff

UNCLASSIFIED
~~TOP SECRET NOFORN~~

TR UAE-86

CLASSIFIED BY: DASP
DECLASSIFY ON: OADR

UNCLASSIFIED HSIS-73/87

DINKEL/bap

DEPOSITION OF CHARLES H. PRICE, II

Monday, June 29, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
  Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 9:40 a.m., at the Operations Center, State Department, with Tim Traylor presiding.

Present: On behalf of House Select Committee: Tim Traylor.

On behalf of the Senate Select Committee: Terry Smiljanich.

On behalf of the Witness: George Taft.

Partially Declassified/Released on Dec 21, 1987
under provisions of E.O. 12356
by Sirko, National Security Council

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(REPORTER'S NOTE: The witness was located at the American Embassy in London, England, and was reported via a teleconference telephone on a secured State Department line.)

MR. BLANTON: Do you solemnly swear the testimony you are about to give is the truth, the whole truth and nothing but the truth, so help you God?

THE WITNESS: I do.

Whereupon,

CHARLES H. PRICE, II

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

MR. TRAYLOR: We need the name and the position of the person for the record who just administered the oath.

THE WITNESS: Did you get that?

MR. TRAYLOR: No. We heard the oath.

THE WITNESS: They need your name so they know who administered the oath.

MR. BLANTON: James Taylor, T-A-Y-L-O-R, Blanton, B-L-A-N-T-O-N. Did you copy that?

MR. TRAYLOR: Yes. Your position?

MR. BLANTON: First Secretary and Consul, American Embassy in London.

MR. TRAYLOR: We are ready to speak to Ambassador Price.

Partially Declassified/Released on Dec 21 1987
under provisions of E.O. 12356
by D. Sirko, National Security Council

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bap

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. TRAYLOR:

Q Mr. Ambassador, for the record, would you state your full name and your current position, please?

A My name is Charles H. Price, the second. I am currently serving as the United States Ambassador to the United Kingdom of Great Britain and Northern Ireland.

Q If I could, let me ask you at the outset to provide us with a little bit of your background. You could start with how long you have held your current position and in a very brief fashion, if you could just maybe go through your schooling and some of your past employment positions for us?

A I currently serve as the United States Ambassador to the United Kingdom since November 1985. Prior to that time, I served from June of 1981 to November of 1983 as United States Ambassador to the Kingdom of Belgium.

Prior to entering the diplomatic service, I was the Chairman and President of the American Fan Corporation, which is a bank holding company in Kansas City, Missouri, and as Chairman of the American Bank and Trust Company held various directorships and prior to that time had served in the U.S. Air Force from 1953 to 1955; attended the University of Missouri, 1948 to 1953.

Do you need anything further?

A No. I think that is adequate. Could you hold on just a second.

(Discussion held off the record.)

BY MR. TRAYLOR:

Q Mr. Ambassador?

A Yes.

Q We are back on now. We are ready to go.

A Okay. At some particular point, I might mention Eleanor Murphy is on the other extension taping the conversation, as you know. Whenever that side of the tape runs out, I have indicated to her to advise us so we can simply turn it over.

Q Sure. We may have -- our court reporter may have to change his tape also. That would be a brief interruption.

A Fine.

Q Ambassador Price, at the outset, I would like for you to provide us for the record with a chronology of the events as you recall them. We have at our disposal a very brief chronology that I think you drafted dated May 1st, 1986. We also have the benefit of Michael Armacost's recollection in the form of a cable that he sent to Ambassador Shultz-- excuse me, Secretary Shultz, after he spoke with you May 1986. But we would like for you to give as complete as possible in chronology form your recollection of the events, and I will just let you begin and you can provide it how you wish.

A All right. On or about May 1st-- it could have been a day earlier -- I had a meeting here in the embassy with my DCM, Ray Seipz, as well as Kim Pendleton, our political counsellor. They advised me of the conversation that had taken place between Tiny Rowlands and Bob Fraser.

I was concerned about that conversation, and decided that by reason of the implications both from the standpoint of the problems that could develop both to the President and those with respect to the conflict that existed by what was being suggested with respect to our policy of not selling arms for hostages, and trying to prevent other countries from selling arms to Iran, that it would be desirable for me to contact Michael Armacost and John Poindexter as well.

As a result of our deliberations and conversation here, I undertook to get hold of Michael Armacost on May 2nd and relate to him the story that had unfolded regarding the meeting that Tiny Rowlands indicated he had attended with, as you know, I think Mr. Khashoggi and Ghorbanifar and I believe Nir.

You have, I think, as you indicated earlier, my conversation with Michael Armacost.

Q Yes, we do. But I would like for you to start, if you could, start with your conversations when this was first brought to your attention by Bob Fraser, and I don't recall the other name now, and tell us what they told you. I want to take it in a complete story, chronology form.

A The conversation that was originally held, I believe, was between Bob Fraser and Kim Pendleton, the political counsellor. After that conversation, because I was not here in the office that day, which would have been then the same week of May 1st, which as I recall is a Thursday, both Kim Pendleton and Bob Fraser had a conversation with Seipz, the Deputy Chief of Mission.

As a result of that conversation, Ray Seipz and Kim Pendleton came to me the following day and related the conversation to me that Bob Fraser had had with Tiny Rowlands.

Q Okay. And what was that conversation that they related to you?

A The conversation was probably related to me on, I guess, May 1st, although it could have been the day before, a meeting between Tiny Rowlands and Bob Fraser would have taken place, I suppose, a day or two prior to that, probably in the same week. So it could have been like, I suppose, the 28th or 29th April that Bob Fraser and Tiny Rowlands had their conversation.

Q If you would, if you would relate the conversation that they told you, or that they had with Tiny Rowlands.

A Well, Tiny Rowlands indicated that he had had a meeting in London with the following people: Nir, Khashoggi, and Ghorbanifar. During the course of that conversation, Nir apparently tried to enlist Lonrho, which is Tiny Rowland's company, that is some sort of umbrella company for shipments to Iran. These shipments were to include grain, spare parts, and weapons. Nir apparently told -- Khashoggi told Rowlands that the stuff, in effect the shipments, would go through [redacted] with an end user certificate for [redacted] And that was informed and on board.

Nir also told Rowlands that it is okay with the Americans, that it had been cleared, he stated, I think, by the White House, that a very limited number of people know about it.

Poindexter is the point man, and no one at the State Department knows about it. Mike said that the scheme is for real; that I guess that what happened was Tiny Rowlands apparently checked with Kimche, whom he knew, through various dealings [redacted] and indicated that Nir speaks for the Israeli government, at least as long as Peres is around.

Rowlands apparently checked it with [redacted] who indicated to Rowlands that it was for real. Rowlands indicated that he was not inclined to get involved, but that if it is a U.S.G. operation, then he might reconsider. By then, I asked Mike where do we go from here. Mike said to me, in effect, that the Secretary had been aware of some of these activities and had fought them, but had evidently lost.

He indicated that until my call, he and the Secretary had assumed that this kind of activity was on hold.

Well, when he asked me about -- to pinpoint the timeframe of Fraser's contact with Rowland, I told him that I believed it took place like the day before yesterday. I am speaking to Mike Armacost on May 2nd. Armacost said then I would suggest that everything is not on hold. I asked Mike whether that arrangement was for real, and Armacost said to me originally it might have been, but that the -- obviously the scope of the problem seemed to be more than he had any knowledge of.

Armacost indicated that the Department was largely out of the picture in formal ways, that the Secretary had intervened to try and turn it off, but that this clearly suggested -- it was very much alive. Shultz is deeply opposed to the shipments and has made the case several times.

It is apparent, Mike said, that he had not been fully informed recently. I think by that he meant George Shultz. He said that both he and the Secretary considered this as potentially very dangerous to the President for two main reasons: one, as I have stated before, was that it is simply contrary to U.S. Government policy to be selling supplies of weapons to Iran by other nations and that it is contrary to our policy as well that there be no ransom paid for hostages.

I told Mike that Kimche had said that Nir speaks for Israel as long as Peres is around and that Kimche find the business distasteful, but had confirmed that [redacted] was in for some percentage and that the -- that Rowlands would reconsider the position he had taken to decline if he knew it was our operation; that is, the U.S.G.

But Mike went on to say that the issue could become an extraordinary embarrassment. Mike acknowledged that the picture was very alarming and that there were many businessmen in several countries who appeared to be aware of these dealings.

Obviously, it might not be long before the whole matter was no longer any secret and that the political danger to the President is a major concern and a source of great apprehension. Mike mentioned that he thought Ollie North was the prime mover at the White House, that there obviously could be others involved, as well, such as Don Fortier, Poindexter.

I asked him at that point whether he thought I should get in touch with Poindexter or leave the issue with him, meaning Mike. He said that he thought I should put my own judgment in it; that my instincts were correct, and he hoped that my calling would carry some weight.

He said that he would report to the Secretary on a private channel because the Secretary was attending the economic summit with the President, and I made clear I intend to get the word to Poindexter and to let Armacost know whether I had been successful in doing so.

Armacost also suggested that I call the President, which I ultimately did not do, simply by reason of the fact that having talked to Armacost -- recognizing the fact that Armacost had related a message to Shultz; that I had talked to Poindexter; that I did not think it necessary because certainly somebody was going to -- among those would see to it that he got word of the concerns and the message that I had conveyed to Mike Armacost as well to John Poindexter.

Q Thank you.

Let me go back and ask you several questions. Were there any follow-up meetings with Rowlands on this?

A No. The answer to that is essentially, no. I can't put a specific time frame on it, but I know that one of the people in our political section--I think it was probably Jimmy Coker, had a conversation in December of 1986 where Rowlands brought the matter up and asked him if he was aware of the fact that he had talked to Khashoggi and Coker simply indicated that he had and Rowlands said he didn't want to talk about Khashoggi, didn't have anything very good to say about him, and that was the end of it.

Q Well, to your knowledge, Ambassador, did Rowlands become involved in this deal at all?

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A No. As a matter of fact, I don't think he did. I don't have any way of knowing precisely, but based on what he said, that if it was not a -- I mean, we got word back to Rowlands,

I didn't permanently, but we told Bob Fraser to get the word back to Rowlands not to become involved, and Bob Fraser did get that word back to Tiny Rowlands and I understand he did not become involved.

In the first place, I don't think Tiny Rowlands trusted Khashoggi at all.

Q What kind of reputation does Tiny Rowlands have?

A Well, I think Tiny Rowlands is a very entrepreneurial based on what I hear as much as anything, highly successful, has dealt considerably in terms of his [redacted] investments in various parts of [redacted] is well known and/or knows a lot of [redacted] and I think that as far as I know, he has been successful.

I could not, I suppose, you know -- I am not in a position to vouch for his personal integrity. On the other hand, I don't have any facts that would lead me to question the legitimacy of his dealing. I think it is recognized that he is rather wide ranging, you might say, in his approach towards the profit motive.

Q What does he do? Could you give me an explanation of what the Lonrho Company does?

A I think it is involved in a number of different activities. Lonrho has got a lot of mining interests in

Africa. It has got the Observer newspaper in London. It has got a lot of agricultural interests. He owns the Princess Hotel in Bermuda. That is really about the extent of my knowledge concerning his activities. It is a good sized company.

I would imagine there is ample financial informatio available from the public reports because it is a publicly held company.

Q I am sure. I was just curious if this Lonrho Company, if he more or less acts as a broker on deals, puts one party in touch with another.

A I don't think I can tell you.

Q Okay. If I could back up just a moment to prior to the Rowlands incident, what do you know, if anything, about the McFarlane meeting in London that occurred in December of 19--I believe in December of 1985, when he met with some Iranians?

Were you aware of that at the time?

A Yes. Bud was here. I saw him. I knew that he was involved in something that was obviously of a sensitive nature, but, you know, outside of the fact that he was here and spent time at Winfield House, doing something of a sensitive nature, I didn't really become involved in particulars of it.

Q Did you meet with Robert McFarlane?

A I beg your pardon.

Q Did you meet with Mr. McFarlane when he was there at all?

A I met with Bud -- he was over at Winfield House. He stayed there until he had an appointment downtown.

Q Yes.

A In a hotel, I believe.

Q Did he --

A I might have been in a position, you know, to speculate about what he was involved in, but I didn't really have any clear understanding of it.

Q I see. Well, did you have any advance warning that he was coming? Did you have any idea at all what he was there about?

A I had some advance warning that he would be here, I think, but I did not have any knowledge of what he was here for. And if I had advance warning, it certainly wouldn't have been, I don't think, very much.

Q I see. So did you know that he was meeting with Iranians, for instance?

A I might have surmised at the time that he was.

Q And how did you draw that conclusion?

A It was closely held.

Q I am sorry. We only got part of your answer.

A I say, I might have had some indication from him that he was meeting with some Iranians, but what he was doing he was clearly keeping closely held.

Q I see. So you had no idea at that time that there was an arms for hostages initiative underway?

A Well, I suppose on reflection, I could have surmised that that was the case. But we are--

Q Had you heard anything from the State Department or any rumors elsewhere during this time frame--we are talking December of 1985 or before then, that there was an arms for hostages initiative underway?

A No. I didn't get anything from the State Department suggesting that. I mean other than the usual guidance stating that, you know, that was our policy, we wouldn't trade arms for hostages, and we wanted to see to it we exercised as much influence as we could, and the various capitals to stop any shipment of arms out of the countries in which, you know, we were operating.

Q So the next event would be the Tiny Rowlands incident, which -- in May of 1986?

A That is correct.

Q Did you draw the conclusion -- it is not clear to me from after you heard what Tiny Rowlands had to say that there was an arms for hostages initiative underway, then?

A At the time that this conversation between Bob Fraser and Tiny Rowlands was reported to me? Is that what you are asking?

Q Yes, sir.

A Yes. I did.

Q Just a second.

Ambassador, to your knowledge, did President Reagan have any knowledge of this operation? I mean, when you talked to Admiral Poindexter or anyone else that you talked to, did they indicate that the President had any knowledge of this operation?

A Well, I think -- I am not positive of this, but I think that in the conversation which Rowlands had during the course of his meeting with Nir and Khashoggi, if you give me a minute, let me check my notes.

Q Okay.

A I can't put my finger on it, but I think that during the course of the conversation, which Rowlands had with Nir and Khashoggi and Ghorbanifar, that somebody suggested that people in the White House knew, that there may have been three or four that the President knew about it.

Q I see. Could you explain to me again why you elected -- as I understand it, you are a friend of the President, a personal friend of the President?

A That is correct.

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Q Why did you elect not to advise President Reagan about this?

A Can you hold on for a minute?

Do you have to change the tape?

MS. MURPHY: Yes, I do, Mr. Ambassador.

THE WITNESS: Can you hold for a minute?

MR. TRAYLOR: Sure.

MS. MURPHY: All right.

Thank you, sir, very much.

THE WITNESS: All right.

Going back to the reason I didn't call the President.

BY MR. TRAYLOR:

Q Yes. Yes, we are.

A The reason I didn't call the President was because of the fact that, as I mentioned earlier, having talked to Armacost, having been assured by Armacost that Armacost would convey the message I had given him to Shultz, having spoken the following day to John Poindexter, and recognizing the fact that the President was involved in an economic summit, and that he was surely -- would surely be talking to George Shultz, if not Poindexter, or both, I just determined that there wasn't any particular need in me calling him to recite to him undoubtedly what others would have told him.

Q I see.

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Did you subsequently talk with the President on -- have a meeting with the President or conversation, telephone conversation with the President where this issue was raised, either by the President or yourself?

A No. I don't believe I had any personal conversation with the President after that, on that particular topic. I am trying to think. I went to a meeting at Camp David which, as I recall, was when Prime Minister Thatcher met with the President, I believe, in November.

At that time, in November -- at that particular time, I expressed certain thoughts to the President with respect as to how the White House staff was functioning or not functioning in lieu of what had developed by that time regarding this whole situation as well as other comments that simply dealt with the effectiveness of the White House staff itself, but that was the extent of it.

MR. TRAYLOR: I don't have any further questions at this time. I am going to put Terry Smiljanich on. He has several questions. I may come back with some others following that.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SMILJANICH:

Q Can you hear me, Mr. Ambassador?

A Yes, I can.

Q As I said earlier, I am Terry Smiljanich, I am with the Senate Committee.

Let me ask you first about your conversation on May 3rd, 1986, with Admiral Poindexter. I would like you to run through that conversation again, giving us whatever details you can recall concerning your discussion with Admiral Poindexter.

A All right. I spoke to Poindexter and, in essence, told him that I had spoken with Mike Armacost and that I wanted to relay to him that Mike and I had spoken about the need for me to call him, which I had intended to do, in any event.

I related the same account that I have previously provided.

All right?

Q Right.

A Over.

Q Go ahead.

A Poindexter said to me there was a small shred of truth in Nir's contention regarding the White House involvement. He added that Nir was up to his own games. That they had, Israelis had been caught delivering arms to Iran, and that there was only a small connection between what I was telling him, and that everything was out of all perspective, and he recommended that I advise Rowlands not to get involved.

I told him of my concern that apparently news of

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this nature had been floating around a bit in the UK, and that if [redacted] had had knowledge of these arrangements, as well as apparently numerous other individuals, the whole thing could blow up and that it would be extremely damaging to the President.

Poindexter assured me that he was sensitive to that particular concern, that is to say, that he was very much aware and concerned and shared the concern I had felt with respect to the President. He said that it -- that he would follow up on the information that I had given him, and they would put things back the way they should be.

I mentioned to him the same objections that I had previously enumerated to Mike Armacost, namely, that the -- this business of bartering for an exchange of hostages in return for equipment was something that was totally against our policies, and that the idea of exchanging hostages for some form of ransom was unacceptable, that the business of shipping arms to Iran was a contradiction; and he said in return that he understood, that he would be happy to talk to me more if I was going to be through Washington.

I indicated -- he said that the knowledge of this business is very limited and that Mike Armacost does not know the exact details. I told him that I did not plan on being in Washington, that I was going to Kansas City, as a matter of fact, for personal reasons, and it did not include

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a stop in Washington, but that I would be glad to revise my itinerary to include a stop in Washington upon his return from the economic summit, and he suggested that there was no particular need for me to do so unless I simply wanted to come through and put my mind at rest, and as a consequence, I did not elect to come through Washington when I returned from London.

Q Thank you.

Did you,at any time after that,ever discuss this matter any further with Admiral Poindexter in any way?

A No, I didn't.

Q You had said that one of the reasons you didn't go directly to President Reagan with this was that, first of all, Under Secretary Armacost assured you he had called Secretary Shultz and discussed it with him; and then secondly, you had this discussion with Admiral Poindexter. Admiral Poindexter, however, indicated to you that Under Secretary Armacost did not have the complete details on this operation; isn't that correct?

A That is correct.

Q Did you assume that Admiral Poindexter, who did have more of the details, would bring your concerns to the President?

A Yes.

Q Did you have any indication at any later time that

Admiral Poindexter had, in fact, brought your concerns to the attention of President Reagan?

A No.

Q When Admiral Poindexter told you that "We will follow up on the information you gave me and put things back the way they should be," what did you understand him to mean by that?

A Well, I would assume that -- he indicated, first of all, that there was a shred of truth. So I assumed that to the extent there was an element or shred of truth, that he would see to it that back around to the point where that kind of activity was terminated.

Q You mean the activity of trading arms for hostages?

A I mean the activity that he referred to in terms of whatever the context was. I mean he didn't offer me a definition, but when he said there is a small shred of truth, I don't know whether that specifically applied to the trading of arms for hostages or not, but it suggested that he had some knowledge that some portion, even though apparently minimal, on the basis of his conversation with me existed and that to the extent that there was some element of truth, he would see to it, I suppose, whatever activities he was engaged in would be terminated.

Q Did he indicate in any way what part of what you had relayed to Mr. Armacost was the truth, and what part wasn't the truth?

A Only to the extent I think of acknowledging that there was a small element of -- a shred of truth and that there was some small connection.

Q But he didn't define that any further?

A No.

Q Did you understand from your -- the substance of your conversation with Admiral Poindexter that the -- to whatever extent there was an ongoing arms transaction related to the hostages, that that operation would be terminated?

A Would you repeat that question, please?

Q Yes.

Did you have, based upon the substance of your conversation with Admiral Poindexter, did you believe that the operation which involved trading arms for hostages was going to somehow be terminated? Based upon what Admiral Poindexter told you?

A Poindexter never acknowledged other than this small shred of truth, or small connection that the operation was, in fact, going on. So I -- I wouldn't have any way of knowing.

Q All right.

Let's go back to your first meeting with your staff concerning this matter. Do you have in front of you a memo to the file, dated, May 1, 1986?

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A Yes, I do.

Q First of all, is that your memo?

When it refers to "one of my political officers," did you write this?

A No. The document written on May 1st, 1986, came from Kim Pendleton, our Political Counselor.

Q Is that Kim or Tim Pendleton? I can't pick up the name?

A That is Kim, like in K.

Q The other individual you met with was Ray Seipz?

A That is correct.

Q S-I-P-E-S?

A S-E-I-P-Z.

Q Now, the memo dated, May 1, which you have in front of you, which has all the details concerning Tiny Rowlands and Lonrho Company, et cetera, doesn't say anywhere in it anything about hostages. Were you assuming at the time that this had something to do with hostages, or was the matter of hostages brought up in these discussions?

A Can you hold for a minute and let me review this?

Q Yes.

A I guess that that was an assumption on my part, because I see that it does not refer to, as you point out, in the May 1 memo, but it is referred to in my conversation, I believe, with Armacost and if we were -- I guess the point is that if we were involved in a shipment of arms,or grain, or medicine, or whatever it was, the question became one of what would we be doing that for when it is in obvious conflict with our own policy, and I suppose that the supposition associated with that is that we had some hostages over there and that I, you know, was drawing a partial conclusion that perhaps they were involved in this transaction in some fashion from the standpoint of an exchange of these types of commodities, you might say, in return for hostages.

Over.

Q . Right.

Well, that is obviously a reasonable assumption to make. I am just wondering whether you recall that in the discussions Tiny Rowlands had with Bob Fraser, any mention of hostages was brought up at that time, to your knowledge?

A I don't think in the relation, the context of relating the conversation that Bob Fraser had with Tiny Rowlands that there was -- necessarily -- the hostage question was involved in that conversation.

I think rather it might have come about as a result of the conversation that was subsequently held in my office with Ray Seipz and Kim Pendleton, whereby there was some speculation on our part whether or not this was, perhaps, involved, and that is no doubt why it came up in the context of my conversation with Mike Armacost, as well as John Poindexter.

Q Okay.

Looking at the substance of the information that was obtained from Tiny Rowlands that is set forth in the memo of May 1, it does sound like a straight-forward commercial transaction. Did it sound to you as though the people involved in this, Amiram Nir, Adnan Khashoggi, and the person that you have as Manucher Ghorbanifar, did you have the impression these people were involved in this operation for the commercial benefit, for the profits that could be obtained from engaging in these transactions with the Government of Iran?

A Absolutely.

Q Right.

Was there anything said -- it is not in the memo, and I am just wondering if you recall beyond the memo -- if anything was said in the conversation that was related to you about what Tiny Rowlands had been approached about, anything said about a strategic initiative to open a new relationship between the Government of the United States and the Government of Iran?

A I don't recall that there was anything specifically mentioned about a strategic relationship in terms of the conversation that it was reported that Tiny Rowlands had with Bob Fraser.

Q So, would it be fair to say that based upon the

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information you had received as of May 1, it sounded as though a group of people were involved in a commercial venture with the Government of Iran for the purpose of obtaining, perhaps, substantial profits resulting from it, and that they were claiming that somehow the United States Government, through a very select group of people, were knowledgeable about the general operation; is that a fair statement?

A I think that is fair.

Q Oliver North, in his various travels back and forth relating to the hostages, did stop off in London on a few occasions. I recall having seen a cable that you sent some time after these revelations came to light in November in which you had been asked to relate any information you had at the embassy in which you had listed some dates that, according to your records, Oliver North had passed through?

My question is do you recall ever -- do you recall ever talking to Oliver North during any of the various occasions that he passed through London in connection with these operations?

A I never saw Oliver North in London, nor to my knowledge, have I ever met him. I mean, if I did, I would have been shaking hands with him someplace, but I have no recollection of it. And I certainly did not see him in London.

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Q And after those events in early May of 1986, you had no further indication of any kind of that there was an on-going operation sponsored by the U.S. Government which involved the trading of arms to Iran in exchange for hostages up until the time that the -- in early November, when the various revelations hit the newspapers; is that correct?

A That is basically correct, consistent with my recollection.

MR. SMILJANICH: Thank you, Mr. Ambassador. I think that is all the questions I have.

Let me see if Tim has further questions.

MR. TRAYLOR: I just have a couple more.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. TRAYLOR:

Q For the record, could you explain who [redacted] is, and what was his connection in this?

Q Okay. Thank you.

I am looking at your May 3rd, 1986 memo of a conversation between you and Admiral Poindexter. On page 2 of that, in the first paragraph, it says that you told

Admiral Poindexter that, "I understood it was a U.S. Government policy that no ransom would be paid or any deals made for the release of hostages and, B, it was also U.S. Government policy which we strenuously pursued in London to try to prevent any other country from shipping arms to Iran."

And then after it, it has, "this must be Admiral Poindexter's response. Roger, I understand."

Is that all he said in response to your point? Or your points?

A Yes. That is all he said, other than to say he would be happy to talk to me more if I were going to be in D.C.

Q Implying he didn't want to talk over the phone?

A Well, I got the impression he didn't want to talk about the whole thing very long.

Q Yes.

A Now, whether that was my reason of the fact that he was obviously pressed and he was in the economic summit and involved in other activities, and so forth, or whether it was my reason of the fact he simply didn't want to discuss the matter more fully, I can't say.

Q We may have covered this earlier in this deposition, but did you have any other conversation with Admiral Poindexter after that?

A No. I don't think so, except any conversations that

I might have had which I don't think at all centered on this particular subject at the time once again of the meeting between Prime Minister Thatcher and the President at Camp David in November of 1986.

Q Okay.

A Poindexter was at that meeting.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SMILJANICH:

Q I did have one last question.

Let me preface it by saying the level of classification of this deposition is secret, and we are talking by secure telephone. My question is after the revelations came out concerning our history of these transactions with the Government of Iran in exchange for some hostages, has -- has this affected in any way bilateral relations between the United States and Great Britain; and by that I mean, has it caused any particular problems that have come to your desk concerning the Great Britain's, perhaps, relationship with past arms transactions or, for example, our counterterrorist policy of not negotiating with terrorists? Has any of this caused a problem that you have had to deal with as ambassador?

A It has caused a considerable amount of dismay as expressed by -- by various members of the British Government. It has not caused any significant problems or problems of a specific nature as opposed relating to the fact that we

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15 undertook to either attempt to establish relations with the so-called moderate element or trade arms for hostages.

Q Thank you; that answers my question.

That is all the questions I have. I think that probably terminates the deposition.

George Taft wants to make a few comments.

First, let me thank you for making yourself available like this, giving us your time and I think it worked out pretty well.

Thank you, again.

THE WITNESS: You are welcome.

MR. TRAYLOR: Thank you, Ambassador.

MR. TAFT: We will go off the record.

(Discussion off the record.)

(Whereupon, at 10:35 a.m., the deposition concluded.)

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PROPRIETARY MANAGER

DEPOSITION OF [redacted]

Thursday, June 11, 1987

4079

U.S. House of Representatives,

Select Committee to Investigate Covert

Arms Transactions with Iran,

Washington, D.C.

Partially Declassified/Released on 22 DEC 87
under provisions of E.O. 12356
by [redacted], National Security Council
K. JOHNSON

The Committee met, pursuant to call, at 9:15 a.m., Conference Room, CIA Headquarters Building, Langley, Virginia, with Patrick Carome on behalf of House Select Committee, presiding.

Present: On behalf of the House Select Committee: Patrick Carome; Bruce Fein; and Jack Taylor.

On behalf of the Senate: Timothy Woodcock and Tom Polgar.

On behalf of the Witness: David Pearline, Office of Congressional Affairs - CIA.

Ms. Linda Kerns - Notary Public, Common Wealth of Virginia.

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MR. PEARLINE: We are about to take the deposition of [redacted] and Linda Kerns from our agency, a notary public is -- will swear the witness in.

MS. KERNS: Would you state your name and address?

THE WITNESS: [redacted]

Whereupon,

[redacted]

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

MS. KERNS: You may proceed.

THE WITNESS: Thank you.

MR. CAROME: Thank you.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q [redacted] for the record, my name is Patrick Carome. I am a staff counsel with the House of Representatives Select Committee to Investigate Covert Arms Transactions with Iran.

Also present is Jack Taylor, a member of our staff, an investigator on our staff. Also present are persons on the staff of the parallel Senate Select Committee. The House Committee is established pursuant to resolution and rules and just for the record, I have provided you with a copy of both our resolution and our rules.

This deposition is being conducted pursuant to those resolutions and rules. As you probably know, the major focus of our committees is the Iran affair, and we are also looking into the events surrounding provision of aid to the contras in Central America.

If you have any questions about what I am asking you about or you don't understand my questions, please don't hesitate to let me know that so that I can clarify my question for you.

Could you begin by giving us your educational background and the positions which you have held this employment?

[redacted]

Pages 4 and 5
DENIED IN
TOTAL

[redacted]

Q In 1985, what was your position with [redacted]

A I was the managing director [redacted]

Pages 7 and 8
DENIED IN
TOTAL

MR. CAROME: We can go back on the record.

BY MR. CAROME:

Q You obviously knew that [redacted] had a CIA relationship, I take it, is that right?

A Yes, yes.

Q Who else at [redacted] was aware of the relationship with the CIA?

A Nobody. Nobody.

Q None of the pilots?

A Nobody. I was the only one.

[redacted]

Page 10

DENIED IN

TOTAL

[redacted]

Q Is it correct that when the United States Government needed to have some operation performed, it would contact you through PROPRIETARY PROJECT OFFICER (PO) [redacted] is that right?

A That is correct.

Q Did you ever deal directly with persons at CIA other than PO [redacted]

A Yes.

Q Who were those persons?

A I don't know. Should I mention them?

MR. PEARLINE: If they are staff, if they are employees, you can mention them.

THE WITNESS: I dealt with AIR BRANCH SUBORDINATE (S [redacted] also with AIR BRANCH CHIEF (C) [redacted] who was [redacted] at that time. That is basically it. Others were just on a -- you know, maybe in meetings I met others, but I don't know the names or whatever.

[redacted]

Page 13
DENIED IN
TOTAL

[redacted]

Q When was the first time that [redacted] plane traveled to Tehran?

A It was in 1985. I don't know exactly the date anymore, but that was a flight which was not done on behalf of the U.S. Government. It was a commercial flight.

(The document was marked as Exhibit [redacted]

BY MR. CAROME:

Q You are not aware of any [redacted] flights to Tehran prior to 1985; is that correct?

A That is correct. I would like to say not only that I am not aware, I positively know we didn't do any.

Q [redacted] I am placing before you what has been marked as Exhibit 1. It appears to be two cables or telegrams of some sort. The part of the Exhibit that I am primarily interested in is what is at the bottom of the page there. There appears to be a message dated June 4th, 1985, and it refers to [redacted] "Please inform if interested in flight [redacted] Tehran 5644 kilograms detonators. Please quote."

Is this Exhibit 1 related to that first flight to Tehran?

A I think so, yes.

Q Do you know who [redacted] is? That appears to be the person signing this telegram or cable.

A No.

Q Was it -- I withdraw that. Is the description of the cargo in this telegram or cables an accurate description of what it was that you took to Tehran or that [redacted] took to Tehran in 1985?

A Well, it was part of the cargo and if I remember right, when I see this telex, this was one of the initial proposals we had. Maybe I can go a little into how this is done normally so that you understand a little better.

This here cable from a company [redacted] which is a brokerage and what they usually do is they write telexes to [redacted] and to other airlines offering cargoes. We get those offers from many other brokers and so this is

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in the preparation stage and it doesn't necessarily mean that that was really carried later on. Although in this case I am pretty sure it was part of the cargo, but this is only five and a half tons, roughly, and the cargo later on we flew to Tehran was about 15 tons or 16 tons.

(The document was marked as Exhibit [redacted] for identification.)

BY MR. CAROME:

Q [redacted] I have placed before you what has been marked as Exhibit 2 to this deposition and ask you if you recognize what that is? Just for the record, it is--

A Is there a date on it somewhere?

Q There is a date of August 7, 1985?

A That is the same flight we were talking about.

Q This appears to be a cable from [redacted] [redacted] to Civil Aviation officials in Iran. Is that right?

A That is right.

Q And it is requesting trafic rights; is that correct?

A Yes. That is correct.

Q And it refers to 30 tons smokeless powder and detonators; is that right?

A That is right.

Q And that is a description of the cargo, which [redacted] [redacted] carried into Tehran; is that correct?

A Well, that is not correct, because we didn't carry 30 tons. We carried only 15 tons, and the reason being is this: as you can see on the first telex, it says the flight has to go from [redacted] to Tehran. [redacted] Because the cargo on this flight was coming from several countires [redacted] was chosen finally [redacted] for the departure because [redacted] accepted that cargo would come from [redacted] and would all be consolidated and loaded on the airplane and then the plane was supposed to go to [redacted] and load another 15 tons of cargo, and then go on to Tehran.

But the [redacted] deal was canceled in the last moment and therefore we only flew with half an airplane. Therefore, I cannot really tell you about the smokeless powder and detonators because I don't know which portion was from [redacted] and which from [redacted]

Q Was a portion of the cargo moved originated in Israel, to your knowledge?

A As far as I know, no. I know that the detonators I am pretty sure came from [redacted] from a company [redacted] The rest came from [redacted]

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Q Do you recall the name of the company or persons you were dealing with on this flight?

A This flight we contracted with a company [redacted] and the -- let me see, what is the name again?

Q Would the name [redacted] ring a bell?

A [redacted] was the manager. [redacted] is the name of the company.

Q [redacted] was the manager of that company?

A Exactly.

Q The cable or telegram which is Exhibit 2 appears to refer to a flight to occur August 12 to August 13, 1985.

A Yes.

Q Do you recall those being the dates of the flight that took place to Tehran?

A I don't remember because the flight was delayed several times. In fact, you apply for traffic rights as early as possible, and you have to give a date for the traffic rights. It would be that we flew on that date or it could be that we flew later. That, I don't remember. I would have to look into the documentation.

Q Is it your recollection that the flight took place in August of 1985?

A I think so, yes. I don't know whether it is on the 13th, but I am pretty sure it took place in August.

Q Which plane went to Tehran on this flight we have been talking about?

A [redacted]

Q That is the --

A [redacted] registered airplane. It is also mentioned here on the telex. You cannot see it well because the C is or top, but it says [redacted] Boeing 707 cargo, and then reg means registration [redacted].

Q Did you speak with PO [redacted] about whether or not this flight should occur?

A Yes.

Q Did you speak to anyone at the CIA about whether or not this flight should occur?

A No.

Q What did PO [redacted] tell you about whether or not the flight should occur?

A Again, I have to go a little more into background. Our agreement was in general that there were some countries where we wouldn't fly without prior consultation, whereas other countries, we could contract without asking first. And Iran was one of those countries where we had agreed that we would consult before we would go there.

So that is why before we had this flight, I called PO [redacted] and I asked him in general terms how is the situation right now; could I contract a flight to Tehran right now. And he came back and he said, yes.

Q Did he tell you who he checked with?

A No.

Q Did he come back quickly?

A Yes. In about two hours or so. [redacted]

(The document was marked as Exhibit [redacted] for identification.)

BY MR. CAROME:

Q I don't want to spend too much time on this first flight, but there are a couple of points I want to cover.

I am placing before you Exhibit 3 to this deposition. Does that appear to be a document pertaining to the money received by [redacted] in connection with the August flight to Iran? I draw your attention to the lower part of the page where it says "black powder flight, strictly commercial."

A That's right.

Q And was 72,800 U.S. dollars the amount which the company received as payment for the flight?

A Yes.

Q Is that approximately the -- withdraw that.

Do you know how that -- withdraw that.

Is there a standard rate that you used to calculate that cost for the flight?

A No.

Q How was that price arrived at?

A Well, each cargo flight is being calculated on an individual basis where we calculate the fuel cost at the departure and arrival point, the overflight and navigation fees, landing/handling fees, loading/unloading fees, flight time and so on and so forth. So each particular flight is being calculated by us and then we come to a so-called production cost which means we know how much this flight will cost us.

Then we will offer a certain price to a customer in order to have a profit in there, but sometimes we would kind of go below even the production costs [redacted] So, therefore, in order to check this price here, I would have to go into detail and look at the preparation which we did for the flight. But it looks to me like a good price. I think we had some profit on that.

(The document was marked Exhibit [redacted]4 for identification.)

BY MR. CAROME:

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Q I am placing before you Exhibit 4 and I ask you if you recognize that document? Just for the record, it is a document dated August 26, 1985, and all but the first several lines of the document have been blacked out by the agency. Can you tell what that document is from what you can see there? Is that a document that you prepared?

A Could be. I think it is one of the reports I wrote.

Q PO And that is a report that you would have provided to [redacted]

A Yes. Exactly. By the way, the Israel portion there, I have to explain because in the preparation of the flight, it was also discussed to start the whole flight in Israel and go from Israel to [redacted] and from there on to Tehran, but then the Israel-[redacted] portion was cancelled and therefore we only had cargo from [redacted]

Q What did you originally understand was going to be coming from Israel?

A I don't know. Nobody ever mentioned it.

Q But you understood that originally a part of the arms or military material was to originate in Israel; is that right?

A No. That is not right because nobody talked about arms or anything like that. We just knew from the broker [redacted] that he said that he had some cargo from Israel, which he wanted us to pick up in Israel, then come to [redacted] pick up the rest of the cargo, and then go to [redacted] pick up the rest, and go to Tehran.

Actually what happened out of the whole flight, the Israel portion was canceled and also [redacted] portion was canceled. So therefore, we ended up only with [redacted] portion. Therefore, we had only 15 tons or more.

Q In fact, this Exhibit Number 4 refers to 30 tons smokeless powder and detonators from [redacted] and Israel. That is not an accurate description of what was moved?

A No. That is not accurate. Because at that time I didn't have the details yet, you know.

Q This was after the flight, though?

A It was --

Q That this document was prepared; isn't that right?

A That is right, but the -- I assumed at that time tha they had moved the cargo from Israel to [redacted] maybe with somebody else or so. I really didn't know at that time where all the cargo came from, only when I saw the papers myself later on, I saw that we had only 15 tons.

When I wrote this report, I had just talked to the pilot, and he had -- that was his opinion, actually, what I had written down here.

Q Who was the pilot on that flight?

A I think it was [redacted] I don't remember the rest of the crew.

Q Can you spell [redacted] name?

A [redacted]

(The document was marked as Exhibit [redacted]-5 for identification.)

BY MR. CAROME:

Q [redacted] I am placing before you what has been marked as Exhibit 5. It is a memorandum dated 19/11/85. That is November 11, 1985; is that right?

A Yes.

Q Is that a document which you prepared?

A Yes.

Q I direct your attention to the last three lines of the document which states, "Knowing that Israel is sending war material [redacted] to Tehran, I believe that that is their motivation for [redacted], because it would reduce transport costs dramatically."

What did you know in November 1985, November 19, 1985, about Israel sending war material to Tehran?

A Actually, I have to come up with a little longer answer again. Because I would like to make the situation a little clearer for you because I believe there is some misconceptions here. In the aviation industry, for about, I would say, eight years now, everybody knows that Israel

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is sending material to Iran. They started sending it from Israel to [redacted] and then to Tehran with a company called [redacted] They used to fly [redacted] until one was shot down by the Iraqis. Then they started buying 707's.

Then they flew 707's. Instead of going to [redacted] they changed to [redacted] so the origin of the flight would look like coming from [redacted] and the Iraquis wouldn't intercept them on their way to Tehran.

Q You are saying [redacted]?

A Yes. In the aviation industry it was common knowledge those flights were going on all the time and that [redacted], which is [redacted] company, wouldn't fly.

Occasionally, other airlines would fly it. Another thing, in order to make the background a little clearer, their daily flights going on between European countries and Tehran, all European carriers are flying to Tehran and Iran Air is flying to all European countries every day.

The only people who don't go to Iran is the Americans. So when you talk to brokers in the market and Tehran flights are coming, that has about the same value like, let's say, going to London or wherever. It is a normal destination in the European market.

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The second thing is it is very normal in the market that Israel cannot go directly anywhere. Whenever you deal with Israel, you have to go through third countries because if our company -- if our airplane would fly, let's say, directly to Israel and back to Europe, the Arabs would know about it, and therefore traffic rights in Arab countries would be denied later on. So, therefore, even when you send an airplane for maintenance to Israel, which many companies are doing-- Israel Aircraft Industry-- they all go through [redacted] and fly from there a special flight plan to Tel Aviv.

So I just want to say that for the background. In Europe it is really nothing special that flights are going through third countries from Israel to other countries, be it Iran or be it even Egypt or whatever. Only after the Camp David agreements, the Israelis started flying directly to Egypt. Before that, that all had to go through third countries. Coming back to your first assumption, when I get an offer from Israel, it doesn't really mean every time that it is war material.

You know, it can also mean it is aircraft spare parts or whatever.

Q You were aware at that time that Israel was sending war materials to Iran through [redacted] though, is that right?

A Yes.

Q When you say [redacted] do you mean [redacted]?

A Yes. Like I say, I never saw it myself, but I heard it. You know, it was common knowledge in the market.

Q That was a direct occurrence, is that right?

A Well, you heard about those flights once in a while from brokers because when -- you know, the airplanes would break down or something, we would get an offer-- can fly from [redacted] to Tehran?

You know, we never did one, but that is why we heard about it. We get telexes every day, all sorts of propositions and those came once in a while.

(The document was marked as Exhibit [redacted]-6 for identification.)

BY MR. CAROME:

Q [redacted] I place before you what has been marked as Exhibit 6. For the record, it is a memorandum dated November 21, 1985; is that correct?

A Yes.

Q Again, is this a report that you prepared?

A I prepared that report, yes.

Q And who would this have been prepared for?

A I turned this over to PO [redacted] who would then send it over to the agency here. [redacted]

[redacted]

MR. CAROME: Can we go off the record for just a second?

(Discussion held off the record.)

BY MR. CAROME:

Q [redacted] we are back on Exhibit 6 to your deposition. Could you describe what this three-page document is?

A That is one of those [redacted] reports I wrote.

Q And you -- this would have been a document that you provided to PO [redacted] who would then provide it to the agency; is that correct?

A That is correct.

Q Is what is described in this document flights performed by [redacted]

A Well--

Q At least from what you can see from the redacted version?

A There are no flights which were performed by [redacted] Because those, I would mention also, once in a while when I would think that it was of interest.

Q If I could focus your attention on paragraph 4 on the first page, the paragraph headed "Tehran Situation."

A Yes.

Q It starts out "A flight was made from [redacted] to Tehran with Boeing 707 on 14 November 1985."

What airline performed that flight?

A I don't know. That is why I wrote a flight was made. Otherwise I would have said such and such an airline made the flight. The information I had here was from [redacted] the first flight to Tehran [redacted] a second flight, which I describe here on the 14th of November. [redacted] the second flight [redacted] was done by somebody else now on the 14th of November, [redacted] they were escorted by Iranian fighters and so forth.

[redacted]

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[redacted]

Q You are certain that this is not a flight that was performed by [redacted] is that right?

A Absolutely certain. Let me tell you something about the background again. I was the only one with contact to the agency here. Therefore, I was the one who had to give the final okay for every charter flight we did.

There was no flight performed without my personal okay, and that is why, you know, whatever we flew, I okayed and I gave the final green light to our crew to take off and to continue on the contract, even during the negotiations.

So, therefore, you know, I know 100 percent what was going on in that company.

Q And it is your testimony that in 1985, [redacted] made only two flights into Tehran, the one we have just been talking about in August, and the one we are going to be talking about in a little bit, which was connected with a U.S. Government operation; is that right?

A Yes.

Q I note that page 2 of Exhibit 6 towards the bottom of the page says, "Please find enclosed cargo documents of our last flight from [redacted] to Tehran."

A Yes.

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Q What flight does that refer to?

A Well, that is the first, the last, and the only flight we did from [redacted] to Tehran.

Q Why were you sending cargo documents to PO [redacted] some months later?

A Because since I was the only one in the company who knew about our relationship to the agency here, I would handle those things [redacted]

I was traveling to [redacted] every mongh and, like I say, you know, it could be two months until -- plus a crew would be on the road maybe another three weeks after this flight. So by the time they turned the envelope into [redacted] and then I had to arrive [redacted] and so

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on. This two months time dealy was not really unusual.

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Q Was it your general practice to provide [redacted] with cargo documents on the flights performed by [redacted].

A Only if I thought that they were of interest [redacted] [redacted]

Q Why were these particular documents of interest?

A That was basically my decision. And the -- I thought they were something because it showed that Europen countries were sending this kind of cargo to Tehran. [redacted]

(The document was marked as Exhibit [redacted] for identification.)

BY MR. CAROME:

Q I am placing before you what has been marked as Exhibit 7.

A Yes.

Q And I ask you if you recognize what that document is. Take a moment to look at it. If you would like for the record, it is dated November 30, 1985.

A Yes. I know what it is.

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Q What is it?

A It is -- like it says here on point one, a chronological report about the Tehran -- second Tehran flight.

Q Who prepared this document?

A I prepared it.

Q And you then sent it on to DO [redacted] on or around November 30, 1985; is that correct?

A Exactly.

Q Did you understand that he then passed it on to persons at the agency?

A Well, that is what I assumed. I don't know whether he did or not, but that is -- that is what usually was the practice.

Q Before I get to the major subject of this Exhibit Number 7, I have a couple of questions about a matter it refers to. If you could turn to page 4 of that Exhibit, in the second last paragraph that discusses landing of the [redacted] aircraft in Tehran. Do you see where I am speaking about?

A Yes. Yes.

Q There is a sentence that reads, "At this location, the aircraft had parked also during our last flight to THR--" Tehran-- "a few weeks ago."

A Yes.

Q It is a little hard to read there. I represent to you that that says, "a few weeks ago." I have a clean copy of that if you would like to see it.

A No. I remember that I wrote it.

Q What is this last flight a few weeks ago that was being referred to?

A Actually, I should have written here a few months ago, because that rerers to the other flight which was made in August, but you know I don't know. I just thought the last flight a few weeks ago is more like in the sense the Spanish say Manana. Sometime ago.

You know, you see, again I have to give you a little background information. It looks to the public and also to everybody else who looks into this affair that the only flights we did were two flights to Tehran. [redacted] I was very busy. We did -- I mean hundreds of flights, you know. So when I refer to our Tehran flight, I didn't really remember exactly what month we did it because it was also unimportant for me. So therefore, I said a few weeks ago.

Like I say, I referred to the first flight. I know what you are aiming at, but I can tell you again we did only one flight before this flight. That is it. It looks like we did another flight maybe when I say a few weeks ago, but that is not the case.

Q The report which is Exhibit 7 is devoted pretty much entirely to a flight that [redacted] did to Tehran on or around the 23rd or 24th of November 1985. Is that correct?

A That is correct.

Q Was it unusual that you would write an 8-page report on one flight?

A Yes.

Q Well, why don't we go right into the details of this flight? What was the first thing that you heard about with regard to a [redacted] flight going to Tehran in November 1985?

A You see, this is an 8-page report, and you just have to read the report, because I can't -- all I knew at that time -- and I had [redacted] at that time -- I wrote down in this report. I can't remember more than I wrote at the time here, you know. In fact, what I remember now would even be less than what I wrote here. But I think what you were implying with your last question, why did I write such a long report --

Q No, I don't want to focus on that. I actually just want to go through the facts now of the November 1985 flight. My first question is when did you first hear about the possibility of [redacted] performing this flight?

A Well, like I wrote here, I can read it to you, if you want. On Friday afternoon, on the 22nd of November, PO [redacted] called me and said to me that I would get a phone call from somebody who would like to charter our airplane, and that I should deal with him directly because this was not our show. Our show, he means not an agency deal.

Q Do you recall what time it was? I see the report here says it was in the afternoon on November 22nd. Do you recall more precisely what time it was that PO [redacted] called?

A About 5 o'clock in the afternoon.

Q Where were you when you received that call?

A I was in [redacted]

Q In an office or at your home?

A At home.

Q And when you were in [redacted] you would work out of your home; is that correct?

A That's right.

Q Where did you understand PO [redacted] to be?

A He was in his office [redacted]

Q He was calling you on the telephone?

A Yes.

Q And that is an unsecure phone; is that correct?

A That is right.

Q Both ends?

A Yes.

Q You said PO [redacted] said there was a flight to be done; is that correct? What did PO [redacted] describe to you needed to be done?

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A Well, like I said, he said "I just want to let you know that you will get a phone call from somebody who wants you to do a flight, and so you deal with him directly because this is not an agency operation," or "that is not our show" was actually what he said.

Q What --

A That is why he didn't get involved, because if it was an agency deal, he would have told me we want a flight on such and such a date from A to B with so much cargo and so on and so forth, you know.

PO

Q Did Mr. -- let me start again. When [redacted] first called you, was he calling to find ut whether or not a flight could be done or was he telling -- just simply telling you a customer was going to contact you?

A That is right.

Q The latter, a customer was going to contact you?

A Yes.

Q He didn't ask are your planes available?

A I don't remember. I don't think so because both planes at that time were committed, you know. We had commercial flights ongoing and also planned for the second airplane. So I didn't even know at what time those flights were to be performed. That is why I don't think we talked about it, because he just said you will be contacted and that is it. The contact could have asked me for a flight in three months, for example, you know.

Q Did PO [redacted] tell you that he had learned that someone would be contacting you or that he had been told about the flight requirement from soneone at the agency?

A No. He just said -- in fact, he gave me the name, Copp. He said a Mr. Copp will call you and will want to contract a flight with you, so you handle it yourself, and this was basically like, you know, I took it like, you know, I have to go back a few years.

Three years before that we did some flights from [redacted] to [redacted] and it was handled the same way. I was called, and I was told somebody will call you to do a flight, and we just want to let you know that we have no objections, so go ahead and deal with them directly. Mainly this meant to me that there was no objections from the agency [redacted] and that they wanted to let me know that they had nothing against it, and therefore, he said, "Somebody will call you and then you deal with them directly."

We had done that before [redacted] and at that time I had dealt with [redacted] which also, you know, had paid us and so forth, and I had reported on those flights then later on.

Q You knew, though, that this was a flight being requested for the United States Government, didn't you?

A No.

Q You knew this was a special flight, didn't you?

A Like I say, I just-- I knew nothing until I talked to Mr. Copp.

Q At some point around this time, for instance, by the time you have written this memorandum, you knew this was a special flight being carried on for the United States Government, didn't you?

A I didn't know that, and when you read my report, I have, I think, some pretty heavy criticism in this report here because I remember when I wrote the report that I said that -- I made the proposal that when we deal with third parties -- I don't know where it is now, but I remember that I wrote somewhere that flights have been done for third parties. They should be done in a way we don't jeopardize our whole operation, you know.

Q Let's take a look at page 7 of the report.

A I am just trying to findit.

Q Page 7, under the word, "proposal."

A Yes.

Q There is -- I guess the second paragraph says, "Had it not been a special flight, I would have delayed for about two days after I had learned about the change of destination."

You know this is a special flight being handled at the CIA's behest and for the United States Government; isn't that correct?

A No. That is not correct. Because we didn't only do special flights for the CIA, we also did special flights for others.

Q What made this a special flight?

A Because of the circumstances, because of the destination, because of the departure point, because of the whole way it was handled, and I was really kept in the dark. That is what made me so upset. On the other hand, I didn't want to screw up, you know.

My first goal was to perform and to do a good job, but on the other hand, you know, that is why I wrote this long report because I thought that if somebody wants to do somebody a favor and use this airline for some flights, then I should be informed in advance, and we should do it right, you know.

Q I am a little confused. I mean, this report I am looking now at page 8, says, "I realize there is the aspect of security and that the missions have to be done in a clandestine way."

You knew this was a clandestine mission, didn't you?

A This sentence here refers to all our clandestine lights, not only this one here.

Q In one was a clandestine flight, this flight to Iran; is that right?

A Like I say, everything between Tel Aviv and Tehran is clandestine as far as we are concerned. You know, I somehow suspected that -- like I say, somebody apparently at the agency maybe tries to do somebody a favor or whatever. But I actually thought by myself, since I talked to Mr. Al Schwimmer in Israel, who happens to be the President of Israel Aircraft Industries. I thought that we had somé aircraft parts from Israel to Tehran in this cargo, and that would have been, in fact, clandestine because everybody knows that Israel and Tehran doesn't like each other officially.

I thought if this comes out, that we fly aircraft parts to Tehran, then you know that is internationally kind of a scandal. That is why that is clandestine. Plus clandestine might also mean that this is an agency airline, which, you know, operates in a clandestine way as a commercial carrier.

In other words, we have to make the impression internationally that we are a normal commercial carrier and that is what is clandestine about it.

Q Well, was the August 1985 flight to Tehran a clandestine flight? I thought that was a commercial flight.

A Yes. But clandestine commercial flight, if you want.

Q Who was it clandestined from? Who was something being hidden from?

A Well, it was hidden from the rest of the world, you know. I mean --

Q Well, [redacted] knew that that was a flight to Tehran, didn't he?

A Yes. But he is kind of an insider. He is a broker and so, you know, like I said before, those flights are going on all the time and when I said before in the market it is common knowledge, then I mean in the market also secret things are common knowledge, and I am pretty sure you never read in the newspapers about those [redacted] flights from Israel to Tehran.

We all knew about it, but officially nobody knew about it because those were secret flights.

Q Well, I must say that this report clearly indicates to me that you understood that this was a flight being carried on at the behest of the United States Government and the Central Intelligence Agency, and I am a little confused by your testimony.

You referred here to missions that have to be done in a clandestine way. You talk about on page 8 the preparation process, and you want to be invited to the meetings of the department which are involved.

MR. PEARLINE: I think I just want to say for the record he has answered several times; explained why he used the word, "clandestine." You have your opinion and [redacted] [redacted] has his opinion.

THE WITNESS: You know, I would be glad to make that a little clearer for you, and that is why I would have liked to have answered to your first implied question, and that is why--did I write such a long report.

BY MR. CAROME:

Q Why don't you give us the answer to that?

A Because at the time when this flight had been finished, and when you read my report correctly and intensively, you will see that I was the one who cancelled the whole operation.

The reason was because my understanding was that here is a CIA airline which on recommendation of [redacted] PO [redacted] enters a contract with a certain Richard Copp, and then is basically, as it goes along, this thing turns out to be a thing which is amateurish.

I wrote that on one page here. I wrote here, "The mission was poorly planned and directed by our contract partners in an amateruish way." This, I reported to the agency because I wanted to let them know, if you recommend me to somebody, then make sure you dont recommend me to somebody who doesn't know what he is doing because -- and when you read general conclusions, point 1 to 5, you know, I was really -- I had the opinion after I talked to Copp several times that my contract partner was Al Schwimmer of Isreaeli Aircraft Industries. But when pushed for the money, he said to me, "Why do you ask me?" I said, "Last but not least, you are my contract partner. You should know." He said, "No, I am not your contract partner." I said, "Who is?" He said, "Mr. Copp is."

I said, "He gave me the impression you are." He said, "That is wrong." When I talked to Copp the next time, I said, "You know, this turns out to be a little amateurish to me. I never dealt like this before, so I get the impression that I deal with people who don't know what they are doing. So before I go any further, I have to stress the commercial aspect of this here, and that is where is the money?"

So, therefore, when I didn't get a clear answer, I didn't get a payment, I said, then, the airplane was underway on the way back. I told the captain, "When you are over [redacted] call me via H.F. radio. By then I will have enough information to tell you whether to go on with the mission." Together we planned four or five lights.

When he called me over [redacted] I told him to go on [redacted] and forget about this. I made the decision we don't continue with this because we deal with people here I don't know. They don't come across with the money. I don't know what is going on here. I just know that I was referred to somebody which I don't know, and maybe the agency knows more, but I was really upset that I was put in this situation where I risk the clandestine layout of the whole company just for a stupid flight like that.

end bap
jam fls.

Q I want to get to all of that.

jm 1

(Discussion off the record.)

MR. CAROME: Back on the record.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q [redacted] I want to go back to this first conversation with PO [redacted]

A Yes.

Q Had PO [redacted] ever called you before informing you that a customer was going to be contacting you with a flight requirement?

A No.

Q So that was an unusual event; is that right?

A Yes.

Q And did PO [redacted] tell you that it was S [redacted] or C [redacted] who had gotten in touch with him on this subject?

A No. I assumed that this was just general intelligence. Let me say something else. Just to give you an idea, he never called me before for a flight like this, but he had called me before for other things. For instance, at one time he called me and he said, you might get an application from a pilot who is named such and such, and when you do, let us know about it, and don't hire him. Because obviously I assumed at that time that there was intelligence that this guy was maybe an agent or whatever and -- for instance, that pilot was [redacted] pilot.

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I assumed there was some knowledge about him. So in a similar way, I assumed that there was agency knowledge about those flights.

PO Q And in that first phone call, was it, that [redacted] [redacted] told you that you would be getting a call from a Mr. Copp?

A Yes.

Q Did you know who Mr. Copp was?

A For me he was Mr. Copp. I just learned a few days ago that that was obviously the code name for Mr. Secord.

Q You didn't know that at the time?

A No.

Q Have you ever met Mr. Secord?

A No.

Q You have spoken to him on the telephone; is that correct?

A Obviously, yes. At least he identified himself as Richard Copp, so it must have been him then.

PO

Q What did [redacted] tell you about the flight requirement in that first phone call?

A Like I said before, he said the guy will call you, you deal with him directly, it is not our show.

Q Did he tell you what the cargo would be?

A No.

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Q Did he tell you anything about what it was to be carried?

A No. In fact, like I wrote here, after I talked to Copp, I called PO [redacted] again and I told him about the phone conversation with Copp, because I wanted to report to him. And I said, is this the thing I reported in my last memo that because the initial offer I got from Copp was not from Tel Aviv to Tehran, it was from Tel Aviv to [redacted]

Q Yes.

I want to go step by step with this. We will get to that.

A Okay.

Q What did PO [redacted] say about whether or not you ought to perform this flight, you being [redacted]

A Like I said before, he said you go ahead, deal with the guy directly, do what you like, basically.

Q Did you understand you would be free to say no, we don't want to do it?

A That is a good question. I don't know. I guess yes.

Q Wasn't he directing you to deal with Copp and do what Copp wanted to be done?

A No.

Q What did he say about the urgency of the flight?

A He said it is an urgent flight, the guy will call you directly; you deal with him directly.

Q Did he say why it was an urgent flight?

A No.

Q Did he say anything about the point of origin or destination of the flight?

A Nothing. He didn't even know it.

Q He said he didn't know it?

A I presume he didn't know it. I reported to him later on. Like I said, when I said to him this goes from Tel Aviv to [redacted] since I know there is cargo [redacted] to Tehran, is that maybe the same, which is on the market already?

Everybody knew about. He siad, I will check on that. He came back and said, no.

Q Just so the record is clear, you firmly recall that PO [redacted] in his first phone call, didn't say anything about the agency having gotten in touch with him about the need for this flight being done; is that right?

A As far as I remember, he didn't mention the agency. He just, like I said, only mentioned the agency in a way like saying it is not our show, or it is not an agency deal, or something like that.

Q You were on an unsecure phone; is that right?

A Yes.

Q Was it your practice to speak on the phone about

jm 4

whether or not what you were doing had something to do with the Central Intelligence Agency,or did you try to avoid that subject?

A Well, we would -- if we would talk on an unsecured phone, we would kind of speak in general terms and not refer to the agency at all.

Q Did you have some sort of code to let you know when it was an agency matter or when it is not an agency matter?

A We would usually say, "we." You know, we could mean everything. [redacted] PO Like [redacted] would usually say there is something else I have to talk to you about why don't we meet tomorrow. Then we would talk about it in detail.

Q What happened after the first phone call with [redacted] PO [redacted]

A I got the phone call from Mr. Copp.

Q When did Mr. Copp call?

A Friday night. I think maybe seven o'clock or so, six o'clock, seven o'clock.

Q You have here "at about 2000 local time" -- I am referring to Exhibit No. 7 -- "I was contacted by a certain RichardCopp.

A Okay. Well then that is correct.

Q [redacted]

A

Q That would be about eight o'clock; is that right?

A Yes.

Q And what did Mr. Copp say to you on the phone? Again, I gather he contacted you by telephone; is that right?

A Yes. He said, my name is Richard Copp. Have you been informed about a mission which has to be done; and I said, no; because I hadn't. I just had been informed that he would call me. So I told him, no, I have not been informed about a mission. I just know that you would call me, and I presume you would tell me about it now.

He said, okay, this is it. Then he explained it to me.

Q You knew he was calling from [redacted] is that right?

A That is where he told me he was calling from. I don't know whether he really was [redacted] or not.

Q But you recall him telling you that on the phone; is that right?

A Sorry?

Q You recall that he told you that on the telephone?

A Yes. That is why I mentioned it to you.

Q Again this is on an unsecure line; is that correct?

A Yes.

Q What exactly did Mr. Copp tell you was the flight requirement?

A Well, he said I need three flights done as quickly as possible from Tel Aviv [redacted] government-to-government.

Q What did you understand government-to-government?

A Government-to-government means that traffic-right wise, usually you have no problems. Therefore, it can be done relatively quickly. Whereas if it is a normal flight with commercial companies involved, then ususally you need about three days to apply for traffic rights, and got the okay.

Q He was telling you that this was not a normal commercial flight; is that right?

A Exactly.

Q Did government-to-government imply that there would be government officials involved at each end of the flight?

A That could well be. Usually government-to-government means that traffic-right wise, you have no problems. Sometimes the landing is free. Sometimes the loading is being done by government or my military or whatever, you know. So that was basically indicating that I wouldn't need much preparation because government-to-government, everything is taken care of, we just have to fly.

Q What did he tell you about what was to be carried on the flights?

A He didn't tell me anything. He just said three flights. I asked him how much cargo; and he said, how much can you carry. I said, 40 tons. And he said, well, it will not be much. That was that.

Q Did you understand why there needed to be three flights?

A No. I didn't know.

Q Did he ask you how many planes you had available?

A Yes.

Q What didyou tell him?

A I said, I have one plane available; and he said, I need two. And I said, well, you know, I have one plane that I would prefer not to use, can't you do it with one plane? He said, well, I guess if you have only one plane, we can start out with one plane, if you can fly consecutively one and the other. I said, yes, we can do that.

Q Did you ask him what the cargo was?

A No.

Q Why not?

A Because I didn't have to apply for traffic rights. Usually when you apply for traffic rights, you have to know consignor, consignee, commodity, routing and price. But when it says government-to-government, you don't need all of that, so it is really of no importance.

Q You later learned that the cargo was HAWK missiles; isn't that right?

A Well, I heard that after the flights, you know, much later.

Q How much later?

A I don't know. Weeks later, maybe.

Q You are saying that at the time these flights were taking place, you had no knowledge that there were missiles on the cargo?

A No, I didn't. In fact, I assumed that we had aircraft spare parts because, like I say, I dealt with the President of Israel Aircraft Industries, so I thought this must have been some kind of Israeli dealer.

Q Who told you that it was aircraft spare parts?

A Nobody. I just assumed that.

Q And what caused you to assume that?

A Because I talked to the President of Israel Aircraft Industries, among other things, that is producing the Westwind and many of the aircraft spare parts.

Q Who is this person you are referring to?

A Mr. Al Schwimmer.

Q Was that someone whom you were familiar with?

A No. But I -- you know, I tried to find out later on who he was while I was talking to him. I found out

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from one of my pilots that he is the President of Israel Aircraft Industries, so -- you know---

Q You didn't know who Schwimmer was when you were first talking to Copp, did you?

A No. No.

Q So at that time you were not assuming it was airline parts; is that right? Airplane parts?

A I assumed that later on.

Q And you firmly recall that PO [redacted] didn't tell you at any point that this was missiles; is that right?

A That is right.

Q And is it -- you also firmly recall that Mr. Copp never told you it was missiles; is that right?

A That is right.

Q That is a clear recollection you have; is that right?

Yes.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. FEIN:

Q Would you have done anything differently if they had informed you that it was HAWKS?

A That is difficult to answer, because in light of the development of the whole thing nowadays, I would have said maybe no. At that time I might have said yes. So I really can't answer that question.

Q What would have caused you concern? If it was government-to-government?

A In fact, had I know what I know today, I would have done what I wrote here as a proposal in my report. I would have contacted [redacted] and I would have said, we have sensitive cargo here, let's inform a task force and sit together and plan this correctly and then do it professional way.

Q What was it that would make the HAWK missiles -- they are sensitive certianly because of their lethal capacity in the country to whom they are delivered, but what otherwise simply about the transportation dimension of the transaction would have made it more sensitive than, say, dynamite?

A It wouldn't.

Q Then why would you -- what was the planning that you would do differently?

A Because the political implications [redacted]

Q What I don't understand is that if the possibility of weapons would, if you knew about that, cause you to change your basic modus operandi or planning, why didn't you invariably ask any time you were tasked to carry a cargo whether or not they are weapons? Why would you, if there was that danger, ever be silent, and not always be rather aggressive in understanding what you were carrying?

A Well, because what happened in this case is this: Initially, we were talking about a flight between Tel Aviv and [redacted] All you need is Tel Aviv and [redacted] to say okay, even when you overfly [redacted] don't need a permit, because all European countires let you overfly without a permit.

Only in the Middle East countries and African countries, do you need a permit.

MR. CAROME: I think we are going to get to some of these points. I would like to take it step-by-step; if that is all right?

MR. PEARLINE: Could we take a break?

THE WITNESS: I would prefer to go on to get through with it quicker.

MR. PEARLINE: All right.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q Did Mr. Copp give you the weight of the total

A No.

Q Okay.

A He gave me the dimensions. He told me they are long boxes and he gave me the rough dimensions, and therefore I knew that the weight was not really the problem, but the volume.

Q What did Mr. Copp tell you about the dimensions?

A I don't remember the exact dimensions now, but I realize they were long boxes. He said we have long boxes and would you have any problems loading them? He gave me the dimensions approximately, and I said, I don't think that is a problem, they should go through the door. And so I was pretty sure there was no problem.

Q Did he give you the weight?

A No.

Q Don't you need to know the weight in order to figure out how much fuel you are going to need and what to charge the customer?

A Only when it is coming the maximum load. When I have a volume problem, then I know -- you know, we talked about the approximate weight may be, but I knew that we would be maybe half full or so, weightwise.

Q How did you know that?

A Well, like I say, I knew the dimensions of the boxes and the approximate weight of the boxes.

Q So Mr. Copp did tell you the weight of the boxes; is that right?

A I think he did. They weight average such and such. I really don't remember.

Q I am sorry.

A When I have a discussion like that, you know, very quickly I kind of calculated in my head the weight and I knew we were way below maximum take off weight so I was not really interested in the details.

(The document was marked Exhibit No [redacted]8 for identification:)

COMMITTEE INSERT

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BY MR. CAROME:

Q [redacted] I show you what has been marked as Exhibit 8. It is a handwritten document dated, November 22nd, 1985. I believe the handwriting is not yours but someone elses. In any event, I ask you if you can identify what that document is?

A Yes. I think this was written by PO [redacted]. When we talked about this affair, he showed this to me, but I didn't read it.

Q You recognize that document as PO [redacted] document; is that right? Something he prepared?

A Yes. Some of his notes.

Q Towards the top of that document, there is a reference to sensitive high priority cargo?

A Yes.

Q Do you see that?

A Yes.

Q Did PO [redacted] describe this to you as sensitive high priority cargo in your first telephone call?

A No. I also presume that the dimensions and the staff he has here, he got that from me, maybe.

Q Well, it says [redacted] called requesting availability of [redacted] 707s to move sensitive high priority cargo. It appears from this document that that is the CIA informing him of the dimensions and weight of the cargo. You don't recall him providing that information to you?

A As much as I want to help you, but I can't speculate on his notes.

Q You see that it refers to -- it does give weight and volume and dimensions of -- do those refresh your recollection as to whatyou learned at the time about the nature of the cargo? Do those appear to be accurate?

A Could be. I don't remember. 240 pounds is about -- it is about 100 tons, so that would be about -- that is about 30 tons per flight, 33 tons per flight. The max load we can carry is 42 tons. That is -- that seems to be correct.

Q And Mr. Copp in his first phone call with you specifically said that the point of origin was to be Tel Aviv?

A Yes.

Q And destination was [redacted] is that correct?

A That is correct.

Q Did he tell you the number of pieces that were involved?

A Yes. I think he said we were supposed to carry 18 pieces per flight.

Q 18 per flight?

A Yes.

Q You recall him giving you that number?

A I think so, yes.

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Q Is it possible that that simply worked out to be the number you could fit on later and that is why you remember 18?

A Yes.

Q So maybe he didn't tell you 18?

A Somehow I remembered, but it could also be that we only got 18 in it. I am pretty sure we talked about 18 boxes per flight.

PO

Q [redacted] notes, which are Exhibit 8, refers to, in the third line, 80 pieces. Does that ring a bell with you as to how many peices Mr. Copp said needed to be moved in that first phone call?

A You know, I don't remember, because like I say, you know, you have to understand the atmosphere. Here I sit [redacted]; I prepare a flight. On Saturday, I traveled to [redacted] I mean, you know, I was working day and night because with the time changes and so on. [redacted] partly, so my management style was that I would concentrate on the -- you know, priorities and the important things we needed, traffic rights, we needed a crew, I needed the airplane ready from another flight, and this and that. And so once I determined in my mind that the cargo would pose no problem, I wouldn't go into the cargo anymore because it was kind of accomplished for me then. I would then concentrate on the next problem.

Q You say you traveled [redacted] When did you leave [redacted]?

A I think I flew on Saturday. I flew [redacted] then, a day later.

Q That would have been what time on Saturday that you left [redacted]?

A I am pretty sure I flew -- [redacted] I don't remember. [redacted]

Q Why did you go [redacted]?

A Well, because I had planned to go [redacted] anyway, and then this flight was upcoming and this was not only one flight; we were talking about several flights. So I wanted to be in place because my procedure was that when I started something new -- and this looked to me like it might be a -- the beginning of a series of flights, that I wanted to be myself in position to maybe even go on the first flight myself and make sure everything goes all right.

Q You didn't fly to Tehran for the first time, did you also go over [redacted]?

A No. In fact, I think I was [redacted] at that time.

Q You were [redacted] at that time?

m 18

A Yes. I am pretty sure I was [redacted].

Q Did you go on that flight?

A No.

Q That was a new thing, wasn't it?

A Yes. That was a similar thing, so that was not really a new contract as such, you know.

Q In any event, let's get back to the first phone call with Mr. Copp.

You negotiated a price for what it was you were going to do; is that right?

A That is right.

Q And Exhibit No. 7 seems to indicate that you negotiated a flight of 60,000 United States dollars plus some items, fuel, landing, handling, for three consecutive flights; is that correct?

A That is right.

Q And how did you come to that figure?

A Well, I calculated the distance between Tel Aviv and [redacted] So then I came to $60,000.

Q Did you have a bargaining session with Mr. Copp over this?

A No. I just -- you know, he said how much do you want for it? I said, $60,000. And I explained to him however, we had to charge him also for the fuel, landing handling and so on. He said, okay; that is acceptable.

Q How much would you estimate the fuel would have been if you had done all three of those flights?

A Let me see. I would need a calculator. Do you have a calculator somewhere?

MR. CAROME: Anyone have a calculator?

THE WITNESS: Okay. Let me estimate it.

[redacted]

I would say roughly, about -- depending on the fuel price, which I don't know, for example, but let's assume we talk about a dollar a gallon, I would say maybe $60,000, $70,000 for fuel.

BY MR. CAROME:

Q For three flights?

A Yes.

Q [redacted]

Is that your normal rate?

A No. That is actually a high rate.

Q What is your normal cargo rate?

A Well, the normal cargo rate---

Q Let's say what was it in 1985?

A [redacted]

jm 20

[redacted] was actaully high and it was high because he wanted it urgent, he wanted me to pull the airplane out of an ongoing operation, so therefore, I said, okay, look, I don't have an airplane available, but I can give it to you if you pay the price.

He was willing to do it. So we did the flight.

Q Did Mr. Copp tell you who you would be dealing with at the Tel Aviv end?

A No.

Q Did he tell you what you were supposed to do when you got to Tel Aviv or when your plane got to Tel Aviv?

A No.

Q What---

A It was like everything will be taken care of, you know.

Q Did he say who was going to take care of it?

A No.

Q What was said about -- on the subject of a second plane being involved?

A Well, like I said before, he said he would like to have two planes right away. And I told him I would prefer

jm 21

to give him only one plane because I had commitments and why don't we agree that if the thing gets realy urgent, I pull in another plane, but otherwise go with one plane? So he agreed to that.

Q Did Mr. Copp tell you who it would be that you would deal with [redacted] upon arrival?

A Well, he said that he was [redacted] and so I assumed that he would take care of things.

Q Did he tell you what would happen with the cargo [redacted]

A No.

Q He didn't tell you that it would be unloaded and put on other planes, for example?

A No.

Q What was said on the subject of when the payment was to be made, the $60,000 payment? How was that going to be handled?

A I just told him that I needed the money telegraphical transferred to our bank account [redacted] and since we were talking here about initially three flights and maybe more flights later on, I knew that this would take a few days anyway, so therefore, I was not too concerned. And I told him, you know, Monday I need a transfer on our bank account [redacted]. He agreed to that.

Q Had you ever before performed cargo flights with previously unknown customers without cash in advance of the flight?

A I had done that, but not with previously unknown customers. They were either customers I had know; or if they wre unknown, they were recommended to me by somebody I knew and I trusted. So in this case, for example, he was recommended to me by PO [redacted] so, you know, I thought that is okay.

Q Did PO [redacted] tell you he trusted Copp?

A No.

Q Did he tell you anything about Mr. Copp?

A No.

Q But the mere fact that PO [redacted] said Mr. Copp will be calling you made you trust Mr. Copp?

A Yes. Actually, when you read my report, you will see that the trust wore out as the thing went on, you know.

MR. FEIN: A declining bank account; right?

BY MR. CAROME:

Q The last paragraph in your November 30 memorandum in the section headed, "Phase one," says, "During my subsequent phone conversation to [redacted], I referred to my memo 21/11/85." Do you see where I am referring to?

A Yes.

Q Well, first of all, I take it that after you got off the phone with Mr. Copp, you reported back to PO [redacted] is that right?

A Yes.

Q Why didyou do that?

A Well, I thought, you know, since he had given me the contact, I thought he wanted to be -- he would be interested to know whether it worked out or not.

Q You didn't understand that you were going to -- withdraw that question.

PO

In fact, you kept [redacted] very well informed of each and every step of this flight operation; isn't that right?

A Well, not exactly. In the beginning, yes; but then when I went over [redacted], I couldn't do that because I was so busy and also initially having went well, so I didn't really feel a need to inform him. This was -- the first time I informed him here had two reasons. One was because I thought he might be interested in knowing whether this deal came together or not, and the second was when I heard about the dimensions of the boxes, I remembered [redacted] from [redacted] to Tehran and don't forget this was proposed to me Tel Aviv[redacted]

PO

So when I called [redacted] back, I said to him, you know, their cargo looks very familiar to me. Is that maybe -- is the final destination maybe Tehran, and is that maybe the stuff I referred to in my last memo?

He said, no. In fact, he said, I have to check on that. Then I called him back later on, and he said, no, it is not the same cargo.

Q You say the cargo looked very familiar to you? What was it about the cargo that was familiar to you?

A The size of the boxes.

Q You knew what the size of the boxes were of some other cargo that had been displayed to you; is that right?

A That is right.

Q And where had you learned about the size of the boxes?

A [redacted] there were some flights from [redacted] to Tehran with boxes and [redacted] not only those boxes, but also other boxes; [redacted] the nature of those flights, [redacted] is hot cargo, ammunition, and sutff like that.

[redacted]

Q When you heard Mr. Copp describe the cargo, what Mr. Copp described sounded similar to this ammunition cargo [redacted] is that right?

A Exactly.

Q Is it still your testimony that Mr. Copp didn't tell you that this was ammunition cargo?

A Exactly.

Q What was it that made you draw that conclusion that this cargo that Mr. Copp wanted moved was similar to

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this ammunition cargo?

A The size of the boxes. [redacted]

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[redacted]

Q And when Mr. Copp described what he needyd to be moved, it sounded like the same thing; is that right?

A Exactly, yes.

PO

Q And, in fact, even though -- [redacted] denied it was the same thing at the time; right.

A Yes.

Q But you later learned it was the same thing; is that right?

A I didn't learn it. I assumed it later on because when our airplane was in Tel Aviv, all of a sudden I was told it goes to Tehran. So I thought, well, obviously, I was right with my first assumption.

Q In fact, you wrote in your November memorandum that the cargo had been on the market for about a week?

A Yes.

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Q Is that right?

A That is right. [redacted]

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And at that time when we were in the middle of this -- or after this mission. I was pretty sure we were talking about the same cargo.

Q So that certainly by the time you had written this memorandum of November 30, you knew the cargo was ammunition; right?

A Well, I didn't know the cargo was ammunition,

[redacted]

Q But in any event, you concluded by the time the flight was through that the cargo that you had moved was the same cargo [redacted] [redacted] ammunition; is that right?

A That is not right, because I look to be precise in this one here.

[redacted]

Q And you are saying that you didn't know whether or not it was ammunition?

A Exactly. I didn't know.

[redacted] Both cargos I didn't know what it was, but I assumed that the boxes were the same, but when I say that I assumed the boxes were the same, that doesn't mean that I assumed that the contents is the same. I just knew that the boxes had the same size.

Now there could be dead people in those boxes. What do I know?

Q But you assumed that it was the same shipment [redacted] [redacted] right?

A That is what I assumed, yes.

Q Why did you tell me earlier in this deposition that what you assumed the cargo was was aircraft parts?

A Because in the course of the events I talked to Mr. Al Schwimmer several times and he works -- he is the President of Israel Aircraft Industries. Since he was involved in the deal, I thought that it must be maybe some of his products which is aircraft parts. It could also be oil drilling equipment. In fact, when I talked to [redacted] PO [redacted] we were talking about the cargo and he asked me, what was it and I said, I don't know, maybe oil drilling equipment, you know.

[redacted]

(Laughter.)

BY MR. CAROME:

Q Just so the record is clear, it was the nature of the cargo description that Mr. Copp gave you that led you to conclude that this was the same [redacted]

A Not the nature of the cargo, but the size of the boxes.

Q The size of the boxes?

A Yes.

Q And at this point you had no idea that this was cargo that was going to Tehran, because Mr. Copp hadn't mentioned Tehran; isn't that right?

A That is right. That is why I asked PO [redacted] are we talking about the same cargo here, because in my memorandum a few days ago, I mentioned it to you, ad that was between [redacted] and Tehran. So are we talking about Tehran cargo here? He said,no.

Q It was at least your suspicion at this time that what you were carrying or being asked to carry by Copp was munitions or military equipment; isn't that right? When I this time, I mean the time that Mr. Copp is telephoning you on Novmeber 22nd?

A November 22nd? That was the initial phone call?

Q That is right.

A Well, on the initial phone call, I just knew it was government-to-government, and like I said before, I suspected that what he proposed to me was the same cargo which I had heard about [redacted]

Q And that was a munitions cargo; is that right?

A The same boxes [redacted]

Q And all you knew about that shipment [redacted] was that it contained ammunition right?

A [redacted] right.

Q And you were suspicious that the shipment [illegible]p was talking to you about was ammunition, too; right?

A No. You can ask me 10 times. I only was suspicious that we talk about the same boxes. [redacted] the small boxes. And so, therefore, you know, I can only say that I new it was the same boxes, but I really didn't know and couldn't assume what the contents was. It could be, for instance, length measuring equipment or whatever. I really don't know.

[redacted]

MR. PEARLINE: Could you hold on for a second?

(discussion off the record.)

end jm-40
cs fls

#3 CAS-1

MR. CAROME: Back on the record.

BY MR. CAROME:

Q [redacted] I might just say that a very important subject to the committee is when people were aware that the cargo on this plane was missiles. We have gotten conflicting stories all over the lot on that subject. It is an important subject to us.

You do understand that you are testifying under oath today, that this is a deposition and you are obligated to tell the truth; right?

A Yes.

Q Frankly, given what is laid out here, I am having a difficult time understanding how it was that you didn't understand right off from the start that these were weapons on the plane.

Mr. PEARLINE: I think we have been over this ground several times.

MR. CAROME: I understand. This is a very important point.

Mr. PEARLINE: I understand the committee's concern and that it is an important point to the committee. He has given an answer. He can give it one more time.

THE WITNESS: I can give one more answer. You see, I am not a weapons expert. I am just an aviation expert.

[redacted]

CAS-2

[redacted] With the 707, we don't deal with long boxes, usually, so often. So, therefore, I don't have experience in long boxes and, therefore, I don't really know what is in long boxes.

The first time I heard about rockets was a few weeks after the flight when I talked to the co-pilot and I quote the co-pilot. He said to me, I don't understand why we had to fly that stuff, why didn't they just shoot it over to Tehran, you know.

I said I don't understand that either and that was that.

BY MR. CAROME:

Q And it is your testimony that it was that discussion with the co-pilot which brought to your attention for the first time that it was missiles on the plane; is that right?

A Yes, and he assumed that. He didn't even know it because that was his assumption he told me.

Q He assumed you would have known what the cargo was; is that right?

A No. He assumed they would have flown missiles. That was his assumption. When he told me that, I said, well, was it missiles and he said, well, that is what I think. See, nobody can know what it was unless he opened the box.

CAS-3 Nobody opened the box.

[redacted]

Q You did not know it was not ammunition. It could have been. It just depended upon whether it was the long boxes or the small boxes?

A It could have been anything.

Q It could have been weapons; is that right? you knew it could be weapons since this is part of what the --

A Like I said, it could be anything. It could be a nuclear bomb if you want, you know.

Q But you were aware around the time that the flight was taking place that this shipment was at least part of the shipment [redacted]

A Exactly. That was my assumption and that led to my final criticism here which I even wrote down and that is why I also wrote down this short sentence here. "This was denied." I wrote that in the first paragraph to have it on record that I was -- that I was told that that is not the same shipment although I later on assumed it was the same shipment and that is why I wrote my whole report, you know. To get clarification, if you want.

I mean, I was in the same boat like you. I wanted to find out afterwards what happened here. See, I found my airline jeopardized because something had gone wrong because we had flown for people who didn't know what they were doing. They didn't behave in a professional airline way and we didn't know what the cargo was. We didn't know why it was sent to -- who was the sender, who was the receiver. That was my criticism. What is going on here, basically.

Q Page 6 refers to -- I believe we referred to this earlier -- the cargo having been on the market for about a week.

A Yes.

Q Does that refresh your recollection that it was probably about a week before November 22 [redacted]

A Yes. Around about.

Q You testified earlier that the $60,000 price that you negotiated with Mr. Copp was based on an estimate [redacted] is that right?

A Roughly, yes.

CAS-5

Q And what had you -- withdraw that question.

How did you work into the price calculation the subject of how much time would be spent loading and unloading the plane?

A Well, let me see. I think I have it here. When you look at loading, when I talked to Copp, his estimate was that the loading would take five hours and -- but he said that he would speed it up to two hours personally.

Q Well, you knew that these boxes, these long boxes -- [redacted] it would take 24 hours to put a planeload of them into a plane; isn't that right?

A I didn't say 24 hours. I said the 24 hours was a time period including the flight time, the rest time for the crew, and the loading time. So I had previously calculated a loading time of maybe eight hours.

Q And the total time to do a flight load of these boxes would be 24 hours; is that right?

A Including the flight and the rest time of the crew.

Q Well, why didn't you then have the same calculations for the same boxes this time around?

A I did.

Q Wouldn't that be 72 hours?

A No.

Q Twenty-four hours per flight, including downtime?

A No. Because when he told me he thought that the loading would take five hours, I said, are you sure about that, and he said, well, we will speed it up for you to two hours. I said, well, if that is the case, that is fine with me.

Q So --

A You know, I didn't know what kind of manpower he had available or whatever. When we calculated the first flight [redacted] to Tehran, we had to assume that we had a normal handling agency help us to load the airplane, like normal airline procedures which would mean that, you know, they have maybe one high loader there and five people. So that was my normal calculation.

Also, you always have a little leeway for, you know -- so that you don't get close to the schedule later on or late on the schedule.

When he told me that he could speed it up to two hours, I believed him, which turned out to be a mistake, but I really believed him. You know, when you come up with a hundred people to the airplane, you can do it in two hours maybe. I don't know.

You know. But that would not be a normal commercial loading procedure.

UNCLASSIFIED

[redacted]

CAS-7

[redacted]

Q That would be -- [redacted] would be in the ballpark of what you would charge for that kind of flight; is that right?

A Exactly. Including fuel and everything.

Q Were there any special insurance costs involved in taking a cargo flight into Tehran that you know of?

A Yes.

Q Tell me about the special insurance arrangements.

A As far as I remember, we had to pay $2.5 thousand [redacted] for one Tehran flight.

Q And is that what you did on the August 1985 flight?

A We did, yes.

Q And did you do that again on the November 1985 flight?

A I really don't remember. It could be, it could not be.

Q It might be that you did not have time to do that; is that right?

A It was not really my job. I had operations officers in our office who would take care of that. I know for a fact that -- well, the first Tehran flight we did it because, you know, before we concluded the first flight, we asked the insurance how much will you charge for one Tehran flight extra insurance. They told us $2.5 thousand.

So we calculated that into the price. On the next night, we didn't have to do that anymore, so it went automatically. So I really don't know. I would have to look up the documentation myself whether we had it then or not. I assume we did, because I wouldn't think that we would go without, you know.

Q Did you talk to Mr. Copp about insurance?

A No.

Q You affirmatively recall that subject didn't come up with him?

A That was only a minor point. I knew it was only $2.5 thousand. So at that point I was -- when it switched [redacted] to Tehran, the destination, then we were just including that in the invoice later on.

Q Did he tell you that he was getting separate insurance on his own for the flight?

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A No. We didn't talk about insurance at all.

Q When did you have a subsequent phone conversation with PO [redacted] as referred to in the last paragraph of this

CAS-9

Phase I?

A That was the same evening, Friday night.

Q And what did you tell him in that phone conversation?

A I told him the guy you mentioned to me called me and he offered me a flight from Tel Aviv [redacted] for $60,000 plus landing, handling, and fuel which looks good to me. However, the cargo he offers seems to be the same cargo I reported before [redacted] and when I reported before, that was going to Tehran, so my question was are those boxes the same boxes we are talking about, is the final destination Tehran, do you know that yourself from Copp maybe, or something? And he said, no. It is not the same. In fact, he said, no, I don't know that, but I can check on it. Then I talked to him again and he said, no, it is not.

Q You talked to him again later that night?

A I think so, yes.

Q Why were you interested in that point?

A Because I wanted to know whether we were -- whether somebody tried to trick us into a flight to Tehran. I wanted him to be aware of that early enough so that in case that was the deal, that we would maybe handle it in a different way or whatever. You know.

Q Did you also want to know whether what you were carrying was going to be munitions or military equipment?

A No. I was not so concerned about the cargo at

AS-10

that time, but more about the destination. Based upon the size of the boxes, I assumed that we talked about the same cargo which was destined to Tehran before. Now I was told it is [redacted] Since [redacted] is a familiar transshipment point from Tel Aviv to Tehran, my assumption was is this the same cargo, is it going to Tehran, are we going only Tel Aviv/[redacted] or are we also going to Tehran later on? That was my question.

I was then told, no, we don't go to Tehran, it is not the same. The main motivation I had to ask was that -- for that is, you know, if it was going to Tehran, we needed more time to prepare the flight for traffic rights and things like that.

Q And PO [redacted] came back to you and said, no, it is not the same flight; right?

A Exactly.

Q Did PO [redacted] tell you anything else that night?

A He said it is not the same flight, it is not the same cargo. That was basically his reply, according to what he knew at that time or what he checked out. I don't know that. Have to ask him.

Q Why was he keeping you in the dark?

A I don't know. That is a good question. Maybe he was kept in the dark himself. I really don't know. I had the impression that hwen I talked to him that he was telling me the truth, you know.

MR. WOODCOCK: Did he say he had checked with someone else?

THE WITNESS: I think he said, I checked with it and it is not the same.

BY MR. CAROME:

Q Who did you understand he had checked with?

A I don't know. You have to ask him.

Q Did he tell you who?

A No. Under normal circumstances, he wouldn't tell me. I assume it was the agency he checked.

Q What did you do that night to get this operation moving?

A Well, I called my office [redacted] and, in fact, I worked nearly the whole night from Friday to Saturday because of the time change. We had already -- Saturday morning [redacted] [redacted] I was coordinating. We had to dedicate a crew to this one flight which we initially planned. We had to make contingency plans for the second flight. We had to -- you read in the Phase II positioning, we made out a code with the captain of that airplane which went [redacted] so we wouldn't have to talk on HF radio about the whole deal because whatever concerns Israel, you simply don't talk about it on the radio because on the HF radio everybody can listen in the whole world.

CAS-12

It goes around the world. The Russians, the Arabs, everybody listens and usually they are also the same frequencies. So we made all of those plans and then Saturday, like I say, I went over then [redacted] and Sunday morning, the operation was already underway.

Q Let me just cover a few points. In your first conversation with Mr. Copp, did he tell you that the name of his company was Lake Resources?

A No.

Q When did you learn that Lake Resources was the name of the company we are dealing with?

A I never learned that.

Q You never learned it was Lake Resources?

A No. In fact, I learned from you just now. I heard Copp. Later I thought Schwimmer was my contract partner. He said, no, it was Copp. That was it. Whoever Copp was.

Q Did Copp tell you he was with a company of some sort?

A No.

Q Who did you understand Copp to be?

A I thought it was kind of an Israeli operation and I thought maybe he works for the Israelis, you know.

Q You knew he was an American, didn't you?

A Yes, I could hear the accent.

Q Did you know he was a former military person?

CAS-13

A No. In fact, when I talked to Mr. Schwimmer in Israel, he also had an American accent and he is an American-Israeli, so to speak, you know. So it looked to me like this is maybe an Israeli operation with some Americans involved. Knowing the relationship between the Israelis and the U.S., I thought, well, maybe that is why I was told you can deal with them, you know.

Q The 707 that you were detailing initially to go to Tel Aviv was your U.S. registered 707, is that right?

A Let me see. I have to look that up myself. Yes. I think that was the American -- which one arrived earlier here? I think it was the American airplane which we had planned for the first flight or as the only airplane because it was no problem to fly between Tel Aviv and [redacted] with the American airplane, American-registered airplane.

Q Did Copp tell you anything about transfer of the cargo [redacted] to three DC-8 airplanes?

A No. Like I said initially and like I wrote here, it was a government-to-government deal, so at that time I had the assumption that, you know, the end user, if you want, was [redacted].

PO

Q How many phone calls did you have with [redacted] that first night?

By the first night, I am talking about November 22nd

A I think the initial call and then I think two more.

'AS-14 maybe three calls altogether.

Q During any of those phone calls, did you learn that this was an operation in which the agency had knowledge or was involved?

A [redacted] like I said before, he mentioned that this was not an agency operation and that is why I was on my own dealing with Mr. Copp and that is why he couldn't give me any details or schedules or whatever.

Q The first flight movement which takes place was [redacted] [redacted] to Tel Aviv flight by your U.S. registered 707, is that right?

A That is right.

Q Who was the crew on that flight?

A That was -- it is blanked out in my report. I think it was [redacted]

Q Can you spell it?

A [redacted]

Q And who else?

A The rest of the crew I don't remember.

Q Was there a load master on that crew?

A Yes. On most airplanes are load masters.

Q Do you know the name of that load master?

A One was [redacted] and the other was [redacted]

Q Spell the second name.

A [redacted]

CAS-15

Q And there were co-pilots on both flights; is that right?

A Yes.

Q Which co-pilot was on the first flight?

A I don't remember.

Q Do you know the names of the two co-pilots?

A I know who eventually did the flight to Tehran. That was [redacted] On the other airplane I don't know who the co-pilot was at that time. We mainly identify the airplane by the captain's name.

PROPRIETARY PILOT (P)

Q Was the other co-pilot [redacted]?

A No. That was the Captain of [redacted], which went [redacted]

Q Who was the pilot of the plane that went to Tehran?

P

A [redacted] the one you just mentioned.

Q You don't know thename of the co-pilot that went to Tehran?

A That was [redacted]

Q I am sorry. I am confusing myself. It was [redacted] who made the comment to you about why didn't we fire the weapons over to Tehran?

A Exactly.

Q Did you have a second conversation with Copp on Friday the 22nd?

A I don't think so.

CAS-16

Q What happened next on this matter?

A Well --

Q You have talked to Copp at least once and you have talked to PO [redacted] two or three times. What happened next?

A Then, like I said, then I called our office [redacted] [redacted] told them about the -- this project here, and told them what preparations to make, crew-wise, overflight right-wise and so on and so on, because since I had told Copp that in case he needed it, we could give him the second airplane, I knew that the second airplane would be [redacted] by the time he might want it, so we already applied for overflight rights [redacted] in advance on Saturday.

Should we need the airplane on Sunday, we would have the overflights granted. If not, we just wouldn't use the overflight rights.

Things like that had to be done, preparations, you know, lots of preparations. Then, like I wrote here, I talked then to Copp about the pallets. I asked him whether they had their own pallets. He called me back and he said, no, you have to use your own pallets. So I had to use our own pallets.

That is why we had to divert the airplane [redacted] to pick up our pallets [redacted]

CAS-17 Q When did you talk to Copp about the pallets?

A I wrote that down here. This was -- okay. One o'clock GMT, I had the agreement with Copp, and next day, 12, GMT, it must have been Saturday then -- no, sorry, next day, 6:30 GMT, because all my times here are GMT, so we don't get confused with local time and a'l this. GMT 6:30, which is 12:30 our time here, we then agreed or he told me then he called me and told me that how does it go and so on And I asked him then what about the pallets, do you have your own pallets?

He said no. So then we made the arrangements to pick up the pallets.

Q So you were speaking to Copp again sometime after midnight?

A Apparently, yes. I mean, I was busy the whole night, you know.

Q When did Copp ask you to put the second aircraft into the operation? About the middle of page 2, there is a reference to that. When I say "page 2", I am referring to what has been marked as Exhibit 7.

A I see what you mean. Yes. That was Sunday morning. That was Sunday morning that Copp -- when I told him about the delay of the airplane, he told me, well, then let's get also the second airplane.

Q On page 2, there is a sentence in parenthesis that

CAS-18

says "Contrary to normal procedures, this flight had not been prepared [redacted] in order to reduce knowledge of this flight."

Why were you trying to reduce knowledge of this flight between Tel Aviv and [redacted]

A Well, because whenever Israel is involved, we usually try to reduce knowledge of those flights [redacted] You know, you can't let them know that you are flying to Israel. We are going under the assumption that they don't know we also fly to Israel.

[redacted]

Q And the reason was not because the United States Government or the CIA had some involvement with this flight, is that your testimony?

A All flights to Israel we usually did without [redacted]

Q When had you previously flown into Israel? Was that something you did with some frequency?

A Let me think about it. I don't think we had done a flight before this one to Israel with this company, but I personally had done with other airlines many flights to Israel before. And all flights to Israel were usually handled

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in a secretive way.

Q What did Copp tell you was the reason for the urgency of the mission?

A He didn't tell me. He just said it is urgent.

Q Was the 707 that was busy [redacted] busy on a flight [redacted]

A No, that was the sub-charter flight with general cargo, all sorts of things. It was actually going to several places [redacted].

Q It wasn't [redacted] haul?

A No, it was not [redacted].

Q When Copp asked for there to be a second plane involved, did you check with PO [redacted] to see if that was okay?

A No.

Q You just went ahead and did that yourself?

A Yes.

Q Did you tell PO [redacted] you were doing that?

A No.

Q Could you take alook at what had been marked as Exhibit 8 towards the top of the second page. Again, this is PO [redacted] handwriting, is that right?

A Yes.

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Q It says, "He had diverted the second aircraft..." Then there is a word I can't read, but then it says, "At the

CAS-20

request of the customer."

Does that refresh your recollection that you told PO [redacted] you had diverted the second aircraft to the Copp mission?

MR. PEARLINE: What is the date of that document?

MR. CAROME: On the very front it says 22 November 1985.

THE WITNESS: I don't remember that I told him. It could be that I told him, but I don't know. I don't remember. I don't think so.

BY MR. CAROME:

Q You were in fairly close contact with PO [redacted] about this mission, weren't you?

A Not really because after the initial start, I was busy preparing it and working on it and so, you know, I wasn't really in close contact with him.

Q And what time -- let me rephrase that question.

About what time was it again?

I think you may have testified to this before, but if you could say it again, what time was it that Copp asked that the second plain become involved?

A That was on the next day when it became apparent that the initial airplane, the first one, would be delayed [redacted]

:AS-21 [redacted]

Q About what time? This is sometime Saturday, East Coast time?

A Sometime during the day Saturday.

Q Do you recall what time?

A No, I don't. I don't know. I think I wrote that here. Let me see. Must have been Saturday morning. On the 23rd.

Q And what time did the second plane arrive in Tel Aviv?

A 2130 GMT on the 23rd.

Q And it flew from [redacted] is that right?

A Yes.

Q Where [redacted]

A It came from [redacted] directly over to Tel Aviv. And like I mention here, in the meantime, we had received the overflight rights for [redacted] [redacted] and so, therefore, we had no problems there.

Q The first flight had arrived about six hours earlier, six-and-a-half hours earlier; is that right?

A Exactly.

Q And when the plane arrived, loading commensed, is that right? In Tel Aviv?

A Some time after arrival, I think they were starting to load, yes.

CAS-22 Q And were you at that time in touch with someone with the first plane?

A Yes.

Q How were you in touch with them?

A The captain of the first plane called me by telephone.

Q From Tel Aviv?

A Yes.

Q What did the captain tell you?

A Well, he just told me, he warned me this might take a little longer because things were very slow and so forth, you know.

Q Did he say who was doing the loading of the plane?

A He told me that -- I asked him, of course, tell me what is going on. And he said, well, we are parking here on the military side. The whole thing looks military to me, and they are very slow with loading and nobody seems to know what is going on here and it looks like this guy, Al Schwimmer, is in command here, and the military is only assisting him and that they are all totally disorganized here.

It took them four hours to load one single box. So he said, you know, you can expect a big delay here.

Q And did the pilot tell you anything more specific about where the loading was taking place? Did he tell you

CAS-23 it was taking place in a hot cargo area?

A No.

Q Did you know whether or not it was taking place in a hot cargo area?

A No.

Q A hot cargo area is an area where munitions would be loaded on a plane?

A We refer to that as a "hot spot".

Q That is because you want to do loading of explosives and munitions in a distant location; is that right?

A That is right. But in this case, we didn't specify where the airplane was parked. We just talked about the military assisting Mr. Schwimmer. In fact, he even said it looks like the military is assisting him unwillingly, you know, that they are kind of dragging their feet. They don't like to load. They had only high ranking officers who were allowed to approach the airplane and load it and they never had loaded an airplane before, so, you know, it dragged on.

Q And did you later learn that the loading was taking place in a hot area, a hot spot?

A No.

Q It must have been since it was weapons; right?

A I don't know. I just wasn't interested in that,

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you know.

Q You didn't discuss that with the captain, either, at that time or later; is that right?

A No. I didn't discuss it.

Q And it is still your testimony that at this time while you are talking to the captain who is in Tel Aviv, you didn't know that the cargo was weapons or military equipment; is that right?

A That is right.

Q And I take it -- I gather that around the time you learned it took four hours to load the first box, that is also the time the second plane is arriving; is that right?

A No. The second plane arrived later. It was already underway at that time, but it arrived later.

Q When the second plane arrived on the scene, did loading commence for that plane, as well?

A Well, that was a little unclear to me because what happened then is -- you know, real chaos started to develop in Tel Aviv because I had two 707s on the apron. I knew one box was in one airplane. I knew that something was wrong, that it dragged on, that everything was unusual.

And so I told my captain, get me the guy on the phone who is in charge there. So he got me Al Schwimmer on the phone.

Q And you spoke to Mr. Schwimmer on the phone?

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A I spoke to Schwimmer. I said what is going on there? He said, what do you mean?

I said, look, we load one piece in four hours. If this goes on, we stay here for days. I can't afford that. I have commitments. I need the airplane back in two days. You either speed it up or we can't do it.

He said, well, we will do our utmost, dah, dah, dah, dah, and so on.

Then I kept track of the situation by calling Schwimmer several times and in the evening, I called him at his home phone number. In fact, I had told one of my crew members to go along with him to his house and verify that when I talked with him, what is going on and so and so, that I always had one of my guys in place.

Q You were in telephone contact with what was going on in Tel Aviv?

A Exactly.

Q By calling Schwimmer's home?

A Schwimmer's home and also I called the hotel room because initially Schwimmer was in the hotel where my crew stayed in the meantime and then later on kept after him -- sent the captain to go with him to his home. So we were constantly in contact.

Q While the planes are on the ground you were also in contact with Mr. Copp; is that right?

CAS-26 A There was a time where I was not in contact with Copp because I had Schwimmer now. So I wasn't really interested in Copp. I was interested in the guy on the scene. So, I didn't talk to Copp in that period.

Q When you and Mr. Copp -- it was you and Mr. Copp who agreed to bring the second plane in; is that right?

A Yes.

Q When you had that discussion, did you re-negotiate the price of the operation?

A No.

Q You left it still at $60,000 plus the other expenses; is that right?

A Yes, right. I didn't discuss that. In fact, I tell you my motivation, the longer this carried on, the more I had the impression that I am dealing here with some inexperienced people who don't know what they are doing and it turned out to be more and more that this is more commercial than government-to-government, and it turned out to me I had the impression that maybe they just used the expression "government-to-government" to me to make an impression or whatever.

So I thought let them carry on because if they don't know what they are doing, the price will be so much higher. We will make some money on this one.

Q Why would the price get higher?

CAS-27

A Because when some people don't know what they are doing, you can charge them more money.

Q I thought you agreed on a price with Mr. Copp?

A Yes, but it was pretty sure to me he would get a much higher bill later on with all these problems.

Q You intended to charge him more because of the time involved; is that right?

A The time, the problems, all those things.

Q Did you discuss that with him?

A No.

Q What made you think he would pay more later on if you had already agreed upon a price?

A I think that is normal business practice. You try as much as you can get later on. You know, I sent them an invoice finally for, I think, $170,000, which I -- they paid. I gave them $10,000 a day demurrage for the airplanes, parking down there was -- without being able to fly and extra costs, hotel costs, all those extra things involved. Extra communication costs.

This turned out to be a real screwed-up operation. So my attitude was I stay in it because it looks like those guys have money, they don't know what they are doing, so we charge them a lot. But then as it dragged on, it turned out to be more and more dangerous to our whole outfit because, you know, what they told me was not true.

CAS-28

Like they had told me, we had overflight rights, we had this, we had that, it turned out to be that was not the case. He told me we load into [redacted] It turned out they couldn't do that.

Whatever he told me, it turned out to be it was not true. I got more and more worried about the whole situation. I thought, well, if this is a total screw-up, at least we make some money on it.

Q I gather that around the time that there were delays in loading, the question of whether or not the plane would fly to somewhere other than [redacted] arose; is that right?

A That is right.

Q When did that subject first arise?

A What happened was this: Copp had told me that [redacted] had granted the traffic rights, the landing rights.

Q He told you that by telephone?

A He told me that by telephone. But then I talked to my crew and they told me it was common knowledge in Tel Aviv that they had been turned down. So we coudln't go [redacted]. So then I said to Schwimmer, look, what is going on here. One guy tells me we go [redacted] the other guy tells me we can't go [redacted]. So where the hell do we go now with the cargo? If this drags on, I have to pull the airplanes out and we have to unload again because I can't

CAS-29 afford all of this.

Q In fact, it was your crew who told you they thought the real destination was Tehran; is that right?

That is what seems to be suggested by the very last line of page 2 of Exhibit 7.

A Yes. That is right. That was my crew who told me for the first time. Then I called Schwimmer and I asked him directly about it. He said then, well, because of the time delay, we don't want to go [redacted] anymore, we want to go directly to Tel Aviv now.

Q Let me get it straight. Was it Copp or Schwimmer who was the first to talk to you directly about going to Tehran?

A I think it was Schwimmer. Like I say, at that time I assumed he was my contract partner.

Q Mr. Copp gave you Mr. Schwimmer's name; is that correct?

A Yes.

Q Did he give you that Friday night?

A Yes. He said -- I think he gave it to me on Saturday. I don't remember exactly when he gave it to me. But you know I knew that this guy was in charge in Tel Aviv.

Q So, Mr. Schwimmer then says we have to take the plane --

A To Tel Aviv --

CAS-30

Q To Tel Aviv --

A To Tehran.

Q I am sorry. To Tehran?

A Yes. So when he told me that, I said, look, you don't know what you are doing because I cannot go to Tehran with an American-registered airplane. I risk that the airplane will be confiscated in Tehran. And he said, well, why don't we just paint another registration on it and I said, no way, you know. I have to pull it out.

Q Let me get a few points clear. When the subject of taking the plane to Tehran [redacted] came up, did you re-negotiate the price with either Copp or Schwimmer for the operation?

A No. I didn't because all I was interested in at that time -- you see, Tehran is a closer distance than [redacted]

Q So it should be cheaper, if anything?

A It should be cheaper. That is why I didn't want to raise the subject. I thought, let them go on like before and then later on we can talk about the money.

But the only change I wanted to make when Tehran came up, I said, I want some cash money because based on the fact that whatever they had told me before turned out not to be true or not correct, I wasn't sure whether it was true when they told me in Tehran everything is taken care of like

S-31

fuel, landing, handling, parking, unloading fees, you don't have to pay anything.

I said, look, you know, I don't trust you anymore because the first time, last time we flew to Tehran, I had the same problems and when my guys arrived in Tehran nothing happened and we had to take care of things ourselves. But he said that was not my flight the first night.

I said, yes, but still it might turn out the same way that you promise me everything is fine in Tehran, nothing is fine. At least I have to have enough money so that my crew can fuel in Tehran and fly the airplane out of there. So I want $30,000 in cash now and he said, well, I don't have the money.

Q What was the $30,000 in cash going to be used for?

A For fueling the airplane in Tehran and also paying fees like -- see, when you have normal commercial cargo, you pay so-called non-objection fees. Sometimes you pay 25 percent of your contracted price as non-objection fee to Iran and to also some Arab countries.

So I thought if push comes to shove, my airplane sits in Tehran, I have to pay non-objection fee, landing fee, handling fee, parking fee, unloading fee, fuel. I needed $30,000 to do that.

The last thing I wanted is to have my plane in Tehran and not being able to pull it out again.

CAS-32

Q I gather that Mr. Schwimmer proposed painting a different registration on the plane to disguise its American identity; is that right?

A Exactly.

Q And you said we are not going to do that; is that right?

A Yes.

Q And what is this reference here to formation flying to Tehran?

A He said being -- can't you just do formation flying? In other words, can't you just use [redacted] officially as the airplane and have the other one flying next to it?

Q What would be the purpose of flying the two planes close to each other?

A Only one plane would talk to the radar controllers.

Q In an attempt to disguise the fact it was two planes and make it look like it was only one plane going?

A Exactly. So we wouldn't have to reveal the secondary plane was American registered.

Q Did you treat that as something of an outlandish suggestion?

A Well, I told him you have to be kidding. I can't fly a 707 formation flying down to Tehran, you know. I mean, you understand maybe what I said initially, the longer it went on, the more I had the feeling I am dealing here with lunatics. So that is why I didn't think it was a U.S. Government operation, honestly.

Q So at that point what you intended to do was to take the one [redacted] registered plane into Tehran?

A Yes.

Q Send the other plane back to whatever it was doing before?

A Exactly.

Q And --

A And I did that.

PO

Q Did you check with [redacted] about these arrangements you were making?

A No.

Q You didn't call back and say is it okay to take this one plane into Tehran?

A No.

Q Are you sure of that?

A I am pretty sure. Maybe I talked to him informally and maybe I told him about that, but the decision was made by myself because, you know, the nature of the company was that I was pretty independent in those things and that I made those decisions myself, you know. I didn't even have to ask him about that, because I was pretty sure.

Q Let me just tell you that [redacted] people here at the agency have told us that not only did you tell

CAS-34 PO [redacted] but that PO [redacted] then check with the agency and that there was an effort to get high-level agency approval for taking that one flight into Tehran. Does that refresh your recollection?

A You mean the American-registered plane?

Q No. This is the [redacted]-registered plane at this point.

A I see.

Q Does that refresh your recollection that you, in fact, talked to PO [redacted] about taking the [redacted] registered airplane into Tehran?

A You asked me before did I ask him about using the American-registered airplane. The answer was no. You ask me, did I pull it out after I had consulted him, I said no, because that was the case. Whereas, using [redacted] for a flight to Tehran, yes, I think I called him on that because that kind of confirmed my initial suspicions.

Of course, I wanted to make a point of that and say, look, here it is now.

Q So when you say confirm your initial suspicions, it confirmed your suspicions it was the same cargo [redacted]

A Exactly. And that the final destination was Tehran which I had suspected all along.

Q You then checked with PO [redacted] and asked him was

CAS-35 it okay to fly to Tehran with the [redacted]-registered plane; is that right?

A I think I did that, yes.

Q And did you -- did you recognize he needed to give you permission or authorization to do that?

A As far as I remember, he said I will check and I think it is okay. It must have been okay, because I don't remember that we had any adverse discussions about it, you know. The only thing else -- I pulled the American-registered plane out. I didn't even ask for that. I just informed him of that. That was my own decision.

Q The only discussion you had with Mr. Schwimmer was about whether or not he would give you this $30,000 that you were asking for for cash payments in Tehran; is that right?

A Well, the things is: as this operation continued and developed into, I might say, a comedy, I got more and more concerned that my cover was in jeopardy as a commercial airline.

So, therefore, my initial cooperation in this whole deal kind of cooled down a little and I kind of leaned more on the monetary aspects to kind of confirm to all involved parties that I am a commercial operator and nothing else, because at that point, you know, I thought it looks like I am dealing here with people who are not in the business, who don't know what they are doing and I didn't know who talked to whom and who knew what and so on. So at this point, my motivation was I have to protect the cover of my airline now which means I have to present myself now more and more as a mercenary airline. So my major concern was money from now on. So that is why from that moment on, I only talked about money.

Q What was your major concern about that?

A My major concern before was that we just wanted to get the flight done and do it like normal, you know, professionally and so on. I wasn't really concerned about anything initially. But I thought government-to-government, no problem, it is a quick and easy flight and so forth. And I thought that since those guys were referred to me by [redacted] that maybe the Israeli Government was behind the whole deal and so that was my initial suspicion and that the U.S. had maybe given them a hint as to talk to the airline and they will handle it for you. But then when I found out I am dealing with private parties and so forth, I more and more retreated to the commercial position, you know, and kind of confirmed that a little so I would kind of protect my cover.

Q When you learned that you were now down to one flight -- one plane again; is that right?

A Yes.

Q Because you can only take the [redacted] registered

CAS-37

plane into Tehran?

A Yes.

PO

Q [redacted] has been notified of that and he hasn't said don't do it; right?

A Exactly.

Q And the plan then is for there to be a series of flights directly to Tehran; is that right?

A Exactly.

Q There was going to be one after the other from Tel Aviv to Tehran; is that right?

A We talked about three to five flights at that time.

Q Who is "we"?

A Schwimmer, I, and also Copp in the meantime.

Q The assumption was there was going to be one flight after the next rapidly performing all the flights?

A Consecutively, yes.

Q There was an urgency to get all the flights done; is that right?

A Exactly.

Q But you don't know what was causing that urgency?

A No. But they were willing to pay for it. Like I said before, they didn't seem to know what they were doing. So even the urgency, I didn't take so seriously anymore, because you know when I had pulled the second airplane out, that didn't seem to concern them too much.

CAS-38 Q When you learned that you were going to be taking a series of flights into Tehran, you or your employees began to seek flight clearances [redacted], is that right?

A Exactly.

Q And how did you go about doing that?

A We sent a telex [redacted] asking for overflight permission.

Q How did that telex describe the cargo?

A I really don't remember, but we either would write "general cargo" or whatever, you know. We would -- in a case like that, we would make up some general terminology so that we wouldn't be bound by anything.

Q I don't understand what you are saying. What is it that you would --

A Well, we would just write "commodity, general cargo" Or something like that.

Q Why wouldn't you be more specific about the cargo?

A Because it is kind of an unwritten law that those countries don't want to know if you fly arms and ammunition or if you fly from Israel to Tehran or whatever might be controversial. You kind of try to hide that. That is why we would also not say to [redacted] from Tel Aviv to Tehran but from [redacted] to Tehran.

Q You just said you didn't want to tell [redacted] [redacted] that it was military equipment; is that right?

CAS-39

A   Yes. Military equipment or anything sensitive from Tel Aviv.

Q   And you knew this was sensitive equipment?

A   It was sensitive equipment simply because it came from Tel Aviv. I have to reemphasize again, because you don't seem to understand that, whenever you deal with Israel, you are on sensitive ground in the Middle East. There is a war situation going on right now. The Arab countries have a war-like attitude towards Israel. When I fly to Israel, I am like a blockade breaker. So I have to make enough preparations that people don't find out that I was in Israel. And, therefore, I would not reveal the nature of the cargo, where I came from, or whatever, try to hide it as much as I can, and, in fact, those countries even -- although they might suspect that I was in Israel, they don't really want to know.

[redacted]

CAS-40 [redacted]

Q In fact, the telex to [redacted] in this case referred to the fact that the planes -- the series of planes would be originating [redacted] is that correct?

A I think so. I am not quite sure --

MR. PEARLINE: Could he review the texex to refresh his memory?

BY MR. CAROME:

Q I don't have a copy of the telex. Do you know if a copy of the telex exists?

A I don't know. I don't even think so because usually we would shred those things. We don't keep those records.

Q Why would you shred that thing?

A Because our office was [redacted] and, you know, we usually would destroy all documentation every two or three months [redacted] so that we wouldn't have things like that lying around which could be published maybe in the newspaper.

Q This was strictly a commercial operation. Why was this a problem -- why was this something you wanted to cover up?

A Because Israel to Tehran, I think, speaks for itself.

CAS-41

Q But this was going to b[redacted] to Tehran, so you didn't have that problem?

A Well, everybody knows when you fly from [redacted] you have to come from somewhere to go to [redacted]

Q Maybe [redacted]

A Maybe. Maybe not. Why give somebody a reason for suspicion when you don't have to.

Q Is there something you want to say on the record?

A I want to say that it was normal procedure that we destroyed all those records from all our flights usually, all those applications, everything.

Q Wasn't the normal procedure for Mr. -- let me rephrase the question.

Wasn't the normal procedure for the cargo documents to be forwarded to you? Didn't you testify to that before?

A Yes. The cargo documents, but they came from the airplane in an envelope. We are talking here about applicatio for traffic rights which was done by telex from our [redacted] office.

Q Why would the telex be destroyed and the cargo documents kept?

A The cargo documents were also destroyed eventually after I reviewed them.

Q Why wouldn't they have sent you the telex, too?

A Well, the telex --

CAS-42

Q Did they?

A The telex, I presume the telex was part of normal documentation in our office from [redacted] which was destroyed on a regular basis.

Q Did they send you the telex?

A I didn't even see the telex. I just saw the guys make application [redacted] and that was that.

Q And you told them to make application for a series of flights from [redacted] to Tehran; is that right?

A No. We just made an application for one flight.

Q You said before it was for a series of flights. Were you mistaken?

A No. The contract, the agreement between Schwimmer and me was for an upcoming series of flights. But the experience is that when you apply for traffic rights, you don't apply for a series because it is bound to be turned down because usually those countries where you apply, they want to have their own airlines to do the flights. So if you have a series of flights, they think there is big business behind it so they don't grant you the traffic rights. We would kind of go on a flight-to-flight basis, and apply for each flight individually.

Q Why wouldn't you want to get all the flights cleared since these were going to be rapid-fire flights, one after the next.

CAS-43

Weren't you concerned that you not wait until you were -- until the first flight was done to get the next clearance?

A No. Like I just said before, that is common procedures that we never apply for a series of flights. Never. We always apply for single flights.

Q You were quite certain you did not apply for a series of flights?

A I am quite certain.

Q Are you quite certain that the identification of the cargo was general cargo, is that all that was said when the --

A I can only tell you what I told my operations officer to do. But I didn't check what he did because, you know, I wasn't -- I was talking to him and all I was interested in was that we had the traffic rights or not. We had an ongoing system which was professionally understood between us that we would do it in a certain way and so I didn't question that.

Q And what did you tell -- let me withdrawn that question.

Who were you giving these instructions to about how to fly -- file for flight clearance[redacted]

A The guy who was in charge of the office at that time.

Q Who was that?

CAS-43

A I don't really remember who was on duty at that time. It was unimportant for me.

Q What was this person's title?

A He was operations manager.

Q And who was the operations manager at that time?

A We had two. We ha[redacted] and [redacted] Either one of them took care of that.

(Whereupon, the document referred to was marked for identification as [redacted]-9.)

MR. CAROME: Maybe when I get through with the subject of flight clearances, we can take a break.

MR. PEARLINE: All right.

BY MR. CAROME:

Q [redacted] I show you what has been marked as Exhibit 9. It may well be that you have not seen this document previously. Let me just state for the record that it is a -- it appears to be a CIA cable from [redacted] [redacted] to CIA headquarters, and I draw your attention to the second paragraph of that document and I will just read to you the sentence that is of interest to me. [redacted] told [redacted] it was oil industry spare parts. Telex from carrier stated medical supplies and the pilot told ground controllers he was carrying military equipment."

CAS-44

Does that refresh your recollection as to what the telex stated about the nature of the cargo?

A Well, like I said previously, it was kind of normal procedure that we would write on those things "general cargo", but it can well be that in this specific case he wrote "medical supplies".

Q It wasn't medical supplies that were being carried, was it?

A No.

Q You know that at the time, didn't you?

A I knew that at the time, yes.

Q Why was there a desire to deceive [redacted] about the nature of the cargo?

A I think that is pretty obvious. You know, for medical supplies or general cargo, you get an overflight right easier than saying we have some questionable equipment on board.

Q What was questionable about the equipment at the time, as you understood it then?

A Well, we didn't know what it was. We knew it was from Israel aircraft industries. It could be spare parts. It could be anything. It could be [redacted] wouldn't want the Israelis to support the Iranians in their efforts to win the war. So, therefore, in order to kind of confirm our neutral position, we would write something like this, you

CAS-45

know.

Q Were you ever told that the pilot had told the ground controllers that he was carrying military equipment?

A I am 100 percent sure that he didn't do that. I think that is bull shit because why would he do that? He would jeopardize his own plane and himself. I am 100 percent sure he didn't do that. We never did something like that before. I mean, that would be totally ridiculous.

Q Let me draw your attention --

A I think that was maybe the assumption of [redacted] or something.

Q How would they get that assumption?

A Who knows? Maybe they have their own intelligence service. The U.S. is not the only country which has intelligence. Maybe they knew we were coming from Tel Aviv. I don't know. But I just know that our pilots would never say on the radio we have military equipment onboard, even if we had. Because that would jeopardize the overflight rights right away, immediately.

Q It appears to have caused some consternation when it was said?

A I don't think it was said. I doubt that seriously. That must be -- you know, I can't believe that. In fact, I have never seen this before.

Q I thought that you probably had not seen it before.

CAS-46

A No. I also just had the report of my pilot. I know he talked his way through. When you attempt to talk your way through, you don't tell the wrost thing you could say, you know.

end 3

I can only assume that this was written here because when we didn't get over flight rights [redacted] right away, I am pretty sure I called PO [redacted] and I said, "I can't over flights [redacted] and I don't know whether this will go through or so. Can I get some support here?" And I also -- I know that I asked Schwimmer for support because he said to me, "Everything is taken care of."

Then I said, "Well, we don't have the traffic rights [redacted] yet," and so on. You know.

Q Let me get this straight. You made a phone call to PO [redacted] saying can we get assistance on getting [redacted] over flights?

A I think I did. I think I called him maybe -- I am not a hundred percent sure. Again, I have to reemphasize I was working day and night for three days with hundreds of things on my mind. I really can't tell you a hundred percent to whom I talked, when and so on. I am pretty sure that I tried all available means which includes calling PO [redacted] calling Schwimmer, calling Copp and say, "Hey, you tell us it is -- you know from the Israeli government, can't you help me to get these flight rights?"

Q By the time the effort was being made to get over flight rights, you were [redacted]; is that right?

A Yes.

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Q And was it you who sent the telex? Did you write the telex for over flight rights?

A No.

Q You gave instructions to someone else in the [redacted] office; is that right?

A Exactly.

Q So you gave those instructions permanently; is that right?

A Yes.

Q Did you see the telex before it went out?

A No.

Q I draw your attention to paragraphs 5 and 6 of this same cable. I will state for the record this is dated November 25, 1985, [redacted] Zulu time.

Paragraph 5 says, [redacted] [redacted] "has impression from papers filed by carrier that same plane to be utilized and shuttle from [redacted]."

In paragraph 6 it talks about multiple filed flight planes. Do you know or rather does this refresh your recollection that the initial telex requested over-flight rights for a series of flights?

A It could be, but I am just questioning one thing here. You know, the date of this telex?

Q Yes, it is November 25.

A Then that is after the event.

Q That is right. But they are describing the --

A What I am --

Q -- the papers that were filed.

A What I am trying to say is after the event, in fact, we would have applied for the second flight already in the meantime.

Q When would you have applied for the second flight?

A When the first flight was supposed to leave, a day earlier. Usually you have to do that a day earlier.

Q Well, let's --

A But to complicate matters further, when the first flight was undereway, I didn't really push on the traffic rights anymore because in my mind, this was the first and the last flight. I was already 90 percent sure that we wouldn't do a second flight because of the disaster which developed here.

Q So to the best of your recollection you only applied for traffic rights once?

A One time, yes. It could be that the guy who did operations for me applied for another one, you know. That, I don't know.

Q But do you know whether or not the initial telex was for a series of flights?

A I don't think so.

there would be a series of flights; is that right?

A About three to five flights.

Q And why was there some question as to whether it would be three or five? What was causing that to be up in the air?

A I don't know. That was not my problem.

Q Was it a question of how many boxes you could get on a plane?

A I don't know.

Q Wasn't the goal to get all of the boxes to Tehran?

A I don't know. I just can tell you that he said three to five flights, and I don't know why. I didn't question it because, as long as they paid for it, that is fine with us. We wanted the traffic. You know, we wanted the cargo.

Q As it turned out, 18 boxes was all that one plane could hold; is that right?

A Yes. Yes. Roughly, I think so. Yes. Actually when the plane was undereway to Tehran, I already kind of had made up my mind that I wouldn't do a second flight, but I just wanted to wait for the pilot's report out of Tehran to see how things were going in Tehran and what the deal was. After I had talked to the pilot by phone from Tehran, then, you know, I was pretty sure that we wouldn't go on.

What then developed, then the problem with money developed; that they wouldn't even pay us. Then I canceled on the flight back.

Q Okay. I want to follow through with a blow by blow about what happened from this point forward. It may be, David, this is a good time to break.

MR. PEARLINE: Take a few minutes?

THE WITNESS: Fine with me.

MR. CAROME: Let's go off the record.

(Discussion held off the record.)

MR. CAROME: Back on the record.

BY MR. CAROME:

Q [redacted] why don't you describe what happened on the Tehran mission once it was decided that there was going to be the one [redacted] registered plane flying in?

A What do you mean? Chronologically?

Q Yes.

A Well, I have to look into this memo here myself. I am on page 4. The 24th of November was Sunday. Sunday night I told the captain, "Okay, go ahead and fly." What happened then is this: the last moment they decided we would go through [redacted] instead of flying directly from Tel Aviv to Tehran.

UNCLASSIFIED

Initially I was told by Schwimmer, you can go directly. I questioned that. He said, yes, we have government support. Everything will be taken care of. Don't worry about it.

Thenk in fact, at the last moment he said, "No, you can't go direct. You have to go through [redacted]" I mentioned the negotiations about the extra money and so forth.

Q Do you recall about what time it was this last minute change came up?

A About an hour before take-off.

Q Okay. Proceed.

A And then, in fact, the airplane took off, landed [redacted] and the captain called me via H.F. radio telling me he had problems with customs [redacted] and again I had been told by Schwimmer that everything would be taken care of.

In other words, they wouldn't bother the airplane, you know. So then my captain called me on the radio, H.F. radio, and says, "We are stuck [redacted] Customs wants to see documents." I said, "Then show them to them." He said, "Well, the Israelis took everything off our airplane. They even took Coca-Cola cans off and whatever shows we were in Tel Aviv, so we have nothing."

I said, "Okay, I will take care of that." I called Schwimmer and said, "Where are the cargo documents?" He aid, "What do you mean?" I said, "You have to have documents." He said, "No." I said, "Why didn't you prepare fake documents? We need documents."

This was the first time I heard there were no documents on board. So he said, "Well, I don't know. So I can't help you." He said, "What should I do?" I said, "You better get your act together and get over to [redacted] and do something because I don't want my airplane to be stuck [redacted]"

PO

Q Did you call [redacted] about this problem [redacted] [redacted]

A I think I called him, too. I called everybody then. Then, in fact, I raised hell with everybody in the meantime. I said-- I am pretty sure I said to [redacted] PO [redacted] "What kind of jokers are we dealing with? Who is it your recommended to me?"

PO

Q What did [redacted] say?

A "Well, I don't know. I don't know." And so on. I said, "Can you get hold of [redacted] and see whether somebody can help us?" He said, well -- he came back and said, "I can't reach anybody. We just have to let the captain handle it himself."

So I called back the airplane, and I told them, "The captain-- make up your own papers and see what you can do." That is to say, I tried to do that. In the meantime, the airplane had already taken off, and he had done exactly what I wanted to tell him to do, you know.

Q Prepare false papers?

A They prepared their own general declaration and own cargo manifest, writing on a general cargo or something.

Q Do you know how they described the cargo?

A I don't know. He sent the copilot with the papers over to customs, who had told him that they wanted to inspect the cargo because there were no papers on board. When the copilot showed up with the papers, customs said, "Okay, you can leave."

Q So it is your understanding the people on the ground [redacted] never inspected the cargo?

A They never inspected it. So then the airplane took off, and then finally it landed in Tehran.

Q And when did you hear that it had landed in Tehran? How did that news come to you?

A I think the first thing I heard was when the captain called me by telephone from the hotel.

Q You hadn't heard anything while the flight was en route; is that right?

A I think I didn't --

Q Did you know that the captain was filibustering his way across [redacted]

A Let me see something. I think he didn't call me then. I think he was so busy talking to [redacted] he just talked his way through. Yes. I think he didn't call me. But then when he was in the hotel -- I told him previously -- in fact, that is the reason I -- I told him not to call me during the flight because I didn't want to discuss it on H.F. radio with the whole world listening; not to jeopardize the airline [redacted]

So therefore I told him don't call me on H.F. radio. Call me by telephone when you are in the hotel in Tehran. That is what he did. So after he was in the hotel, he called me and gave me a full report about the screw-up [redacted] about the Iranians and this and that and so on. So I said to him, "Okay, take full tanks in Tehran when you depart, and when you are [redacted] call me, because by then I will know whether we continue or not, because by then I will have talked to all these people and see where we stand, you know."

Q Okay, let me cover a couple of small points before we get to the decision to not go forward.

There was a code word to be given on entry into Iran saying, "I am coming from Ustafa." Is that right?

A They didn't give it to me. They gave it to the Captain directly.

Q Who is they?

A Schwimmer, I think, or somebody of his people. Schwimmer was not alone.

Q Who else was with Schwimmer?

A Israeli officers.

Q Do you know their names?

A No, but I know they were like high-ranking-- general, colonel.

Q Military people?

A Yes. In uniform. [redacted]

Q Now, is it correct that when the plane landed that one of the people on the ground in Tehran told the pilot that the Iranians were expecting four more flights from Tel Aviv?

A Yes.

Q Was that basically consistent with your understanding of what Schwimmer wanted to do?

A Yes. That was the only thing in the whole deal which went smooth-- that was the landing in Tehran-- because everything was taken care of as promised. The unloading went much faster than we thought. Everything worked like clock work, no problem.

Q Did you ever receive assistance from or have contact with CIA officials in either [redacted] or [redacted] during any of the operation?

A No. [redacted]

Q What did you tell the pilot when he called you from the hotel about the future of the mission?

A Well, this might sound funney to you, but the pilot's major concern was that he had bought a carpet there and that he couldn't get it delivered the same day, and he asked me do we do a second flight because otherwise I don't get my carpet. He wanted to know if he should buy the carpet or not.

I said to him, "Go ahead and buy it, but I tell you quite frankly, we might not come back there, but I can't make the decision now. I make it later when you are over [redacted]

Q Why was there some doubt in your mind at that point about whether the mission would go forward as planned?

A Well, I was the responsible manager of the airline. As it developed, I could see that something was wrong here, and I reached the point where -- where PO [redacted] would have confirmed it or not. I was about to cancel the whole deal to protect the airline. So while the airplane was on the ground in Tehran, I talked to Copp and to Schwimmer, and also to PO [redacted] and I tried to find out whether I got some support from some side in this whole deal or whether I would -- whether I was dealing with some -- like I said before, with some lunatics who didn't know what they were doing.

My impression was more and more that they didn't have the support. You see, Copp gave me initially the impression that he had good contacts and that government would support us and that like [redacted] and Israel, this and that.

It turned out all of that was not true. Like for example, the telex you just showed to me, like I said, this is news to me. I didn't even expect at that time that the U.S. would have interfered in that, and that they would have tired to help us, because the impression I had was that we were lonely, lone ranger type of thing. So I said forget it. We don't go on with this.

Q When is it that these discussions with Copp and Schwimmer and PO [redacted] were taking place? I gather that it would be some time after the first flight arrived in Tehran; is that right?

A Yes. I think it was on Monday, I think.

Q Well, I gather that --

A Must have been on Monday. Twenty-fifth was Monday, wasn't it?

Q That is right. It probably was Washington time, probably very early in the morning; is that right?

A Right.

Q And you are talking to PO [redacted] [redacted] is that right?

A Yes.

Q What did PO [redacted] tell you about whether ornot the flight should proceed?

A I didn't really ask him that. I told him that we had a problem here and that I I kind of asked him whether he knew some more about the background of this whole thing, because, you know, I told him that -- in fact, I [illegible] to him, I don't know if you know that, but this develops into a real disaster here, and my opinion is we shouldn't continue with this. Do you have an opinion?

Q What did he say?

A He said I don't know. I have to check on that.

Q Who did you understand he was going to check with?

A I guess with the agency [redacted]

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Q By now you understand[redacted] is in touch with the agency on what is going on with this flight?

A It was very early Monday morning. At the same time, I was talking to Schwimmer and to Copp again, and I think I couldn't reach Schwimmer then. That was also a thing. I couldn't reach him anymore. So finally, when I couldn't get any positive reply from anybody, and then I called my bank and there was no money in the bank account, then I said cancel it, you know.

Q Well, let me try to get some of these things clear. You talked to Mr. Copp at around this time about whether the additional flight should take place; is that right.

A You know, I had so many talks, so many phone conversations with him that I don't remember when I talked to him. But I know that he was[redacted] first, and then he was[redacted] when I talked to him.

Q When did you talk to him[redacted] Was he[redacted] [redacted] at the time you were trying to make a decision as to whether to continue with the flights?

A I think so. I think he went[redacted] a day earlier. I don't know what he wanted[redacted] I said -- yes. Here. No. That is different. I don't know. He called me from[redacted] He called me[redacted], and, in fact, he then asked me to charter a Lear jet for him[redacted] to

Tehran -- to Tel Aviv because, you know, I said to him, look, you are running an operation here from Tel Aviv to Tehran, but you sit [redacted] That doesn't make sense to me.

Why don't you get over to Tel Aviv, take matters in your own hands, organize things, and then come back to me. He sais, "Well, I am stuck here [redacted] right now, but I have to go back [redacted] to save $225,000."

Q What did that mean?

A I don't know. I said to him, "What do you mean to save $225,000. You fuck up the whole operation here, and you want to save $225,000 [redacted] That doesn't make sense to me."

He said, "Well, I can't change that. Otherwise the money is gone. I have to go [redacted], but you charter a Lear jet for me so I can go [redacted] to Tel Aviv." So at that point I said basically, yes, but so far I have [redacted] you only phone calls, promises, and $8,000 in cash from Schwimmer and nothing else. Before I don't get some money into my account, you don't get anything from me anymore. so you better get some money over to my account.

He said, "We have enough money. That is no problem." I said, "That is fine with me, but I want some money now." He said, "It arrive yet?" I said, "No." He said, "I don't understand." I said, "Well, I don't either."

Q Do you know whether this discussion that you have just described with Mr. Copp occurred before or after the decision to not involve [redacted] further in these flights?

A I think it occurred before, before the decision. because based on that discussion that he wanted to go [redacted] again instead of taking care of his problems in Tel Aviv, I was not about to send the airplane a second time to Tel Aviv with Schwimmer in charge because Schwimmer was -- I was told by my crew and by the captain when he called me from Tehran, he told me that Schwimmer was very impolite; that he was treating the officers like shit; that he was behaving like he owned the whole airport, and that because of his attitude, things wouldn't go smooth because everybody was kind of pissed off that he used them like they were his employees. And the officers were very unwilling to help him, and so on and so on.

So, you know, I said to Copp, "If you take matters [illegible] your own hand in Tel Aviv, that is fine with me. If we have time to prepare and do things correctly, we go on. But since you are unwilling to do that, forget it."

I said, "Call me when you are ready." Then we pulled the airplane back. The funny thing was this: a day later on Tuesday, Schwimmer calls me and asks me where the airplane is. I said, "It is back. Why?" He said, nobody called me. I thought it was still in Tehran."

Q On the bottom of page 5 of your November 30 memoranda, you state -- I am actually reading from a clearer copy than that -- in the parenthesis, you explain that the pilot had been instructed to ask for full tanks.

A Yes.

Q "Because after all those problems which I was aware of, because blank had called blank via telephone from the hotel, I wanted the pilot to take the aircraft directly back to blank if necessary."

A [redacted] if necessary.

Q I guess it is [redacted]

A Yes.

Q In the other copy, apparently the telephone conversation here that is referred to is a conversation of the captain [redacted] is that right?

A Yes.

Q Is that the conversation with you at the hotel?

A Yes. It was with me.

Q And the problems are the problems that we have already discussed; is that right?

A By the way, I made a mistake on this page. The last page shouldn't be security, but safety. You know, I just mixed up those two words.

Q All right.

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A After all, I am [redacted]

Q What was the original place that the plane was going to go after Tehran?

A [redacted]

Q It was going to shuttle back [redacted] and then to Tel Aviv? Was that the original plan?

A The customer, which was Copp and Schwimmer, requested from me that the airplane would come back to Tel Aviv, but without telling them, I had made arrangements that we go [redacted] [redacted] because while we were negotiating, I didn't want the airplane in Tel Aviv, so they could have their hands on the airplane.

I had a stronger position when I was not in the country, you know. Otherwise, they could have said they will grab the airplane unless you fly, and you don't get money. I didn't know who I was dealing with. So I thought I have to play it safe now. So that is why I said we go [redacted] I negotiate with Copp and Schwimmer, get some money and then we continue, plus we take some time to apply for traffic rights and do it the correct way.

I didn't want to tell them up front that I expected privately a delay of three days because to do it right, I needed three days.

Q At that point did you expect there would be such a delay?

A Yes.

Q Okay.

A Because to apply for traffic rights, to have everything well-organized, I needed three days because I didn't want to stumble into it again like I did on the first time. I wanted to do it like we do it normally. But then when not even the money came through on Monday, then I said, "Well, we take it back directly [redacted] Who knows where I ever get paid for this."

Q So are you saying that a primary reason that the plane didn't go [redacted] and instead went back [redacted] was that the money hadn't come through; is that sort of the sraw that broke the camel's back? Is that what you are saying?

A Somehow, yes.

PO

Q Did you check with [redacted] before making a decision not to continue with the additional sorties?

A I told him that he should check on this with the agency here and that the way I presented it to him, like this, I said to him, "Look, you know, I have a real disaster developing here and whether we like it or not, I cannot ask the crew to go on this way because they are used to professional flying. And if I don't get a clear answer now and some clear support, I have to cancel the operation, and

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what is your position?"

He said, "I have to check on it." But he couldn't come back with a clear answer. By the time he came back, I had already aborted the whole thing. Then he just came back and said to me, "Yes, I talked in the meantime to C [redacted]," who was [redacted] "and you made the right ecision."

Q That is C [redacted]

A Yes.

Q He told you he had spoken to C [redacted]

A Yes.

Q And you said you asked him to check with the agency; is that right?

A Yes.

Q When did you first become aware that the agency was involved in or at least witting of this mission?

A When they recommended the customer to me. So as far as I was concerned, they were aware of this mission from the beginning. The only thing was I had the impression they referred me to a third party without knowing who this third party was or without knowing how good or how bad that third party knew its business.

Q That conflicts with what you testified to earlier. Earlier you said you thought you didn't realize that [redacted] PO [redacted] had talked to the agency about the --

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A I don't think that is right.

MR. PEARLINE: I don't think that is accurate.

MR. CAROME: The record will reflect itself.

BY MR. CAROME:

Q You understood right from the start that [redacted] PO [redacted] had been told about the requirement for this mission by someone at the agency; is that correct?

PO

A Let me put it this way again: [redacted] told me initially, "Here is a guy who will call you. You deal with him. It is not our show. It is not an agency deal." PO Okay, so then while this thing progressed, I informed [redacted] about the progress, about the problems, and so on and so on.

I had the impression that they had referred me; PO that [redacted] to be precise, had referred me to a customer to somebody who was not normal, to say the least. And now I wanted to know on Monday, do you still support your customer? Do you still refer me to the guy? Do you still stand behind your decision that you tell me deal with a guy, because he is okay?

I mean, you refer me to somebody where I am telling you now that the guy is not playing with a full deck and now I want to know from you is this in the interest of the agency. What is going on here? You know? He doesn't give me an answer.

Q All right. Just so it is clear, did you in the initial discussion with PO [redacted] understand that [redacted] PO [redacted] had been told about the requirement by someone at the CIA?

A No. I just know that he told what I said already five times; that he told me that here is a guy whc will call you and it is not our show. That is mainl; what he said. I don't know where he got his information from. You have to ask him yourself.

Q When did you first learn that the CIA was aware of this mission?

A For me, the CIA was PO [redacted] So if you want PO [redacted] was aware of this mission all the time. Now, what went beyond PO [redacted] I don't know.

Q Why did you ask PO [redacted] to check with [redacted] [redacted] about whether --

A First I told him, and he said, I don't know. Then I said, "Why don't you check with somebody who is going on here? You know, I have to know." And he said okay, but then in fact he couldn't reach anybody or whatever. I don't know.

Q And you made the decision to stop the flights before PO [redacted] got back to you; is that your testimony?

A Yes.

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Q And Mr. Copp didn't ask you to stop the flights? In fact he wanted the flights to go forward. Is that right?

A In fact, he wanted to continue and Schwimmer wanted to continue.

Q So this was a unilateral decision by yourself to not continue [redacted] involvement in the flights; is that right?

A Exactly.

Q And it was a decision that you finally made while the plane was in the air and before the decision had to be made whether it was going [redacted] is that right?

A Exactly. The airplane was [redacted] and the pilot called me on H.F. radio and said, "Where do I go now?" And I said, "You go [redacted]" period.

Q Do you recall about what time of day or can you by looking at your memo tell me about what time of day it was that you gave that direction?

A I think it was some time Monday afternoon. As you can see, it took off at 1715 G.M.T., which is [redacted] local time [redacted] and so I guess about an hour and a half later, maybe -- you know, [redacted] in the eventing or so I told him. He arrived [redacted] and continued the next day.

I, in fact, even Tuesday and Wednesday and Thursday, the next three days, I still talked to Copp and to Schwimmer about this. You know how we continue, whether we continue. I gave them the impression I would continue just to get my money first, which I think I got on Wednesday or something. I am not quite sure.

In fact, I sent them an invoice. I sent a telex invoice to Schwimmer in Tel Aviv and then the money was transferred to our account. Schwimmer called me back on Wednesday complaining about the invoice; that it was too high. I told him, look, I had two airplanes there. It was a total screw-up. I think it was cheap for you.

He said, "Well, if you see it this way, yes. You will get your money today." So we had some money, which came from Switzerland.

Q And when you made that decision to not go forward with the flights, you then told PO [redacted] that you had done that; is that right?

A Yes.

Q And what did he say when you told him that?

A He said you did the right thing, because in the mean time I heard from C [redacted] that we should bale out of this.

Q What did PO [redacted] say that C [redacted] had told him?

A He said that I did the right decision; that we should get out of this; that we didn't want to have any part of this.

Q When you say we, that meant [redacted] or the agency?

A Well, that meant all of us, if you want. You know. I mean C PO [redacted] and I.

Q And was it shortly after the decision to not go forward that you had this conversation with PO [redacted]

A I am pretty sure.

Q Certainly that same day?

A Could also be on Tuesday. I am not quite sure. I think it was on Monday night. Yes.

Q Monday night [redacted]

A Monday night [redacted] which was still daytime here.

Q And PO [redacted] said that C [redacted] had told him we have to bale out, or essentially --

A That was my wording. I mean he -- the way I remember it now, I think PO [redacted] said to me, "Yes, I talked to C [redacted] in the meantime, and you know it is okay that we get out and we don't want to continue like this."

Q Did PO [redacted] explain C [redacted] own reasons for not wanting to continue?

A No.

Q Are you aware of the captain or pilot becoming aware at any time while he was in Tehran that the Iranians were unhappy with the cargo that they had received?

A No. On the contrary, they were very happy.

Q What makes you say that?

A Because they told him. They said they are happy, and that they liked the crew and they liked the airplane, and they wanted him to come back on another crew since they knew him, and also for security reasons, and so on and that they were looking forward to the next shipment.

Q And in fact they were disappointed when the captain requested a full talk; is that right?

A Exactly. Then they kind of realized something was going wrong.

Q Because you didn't need a full tank to get back [redacted] or Tel Aviv or wherever?

A They just needed half a tank. They paid for the fuel. When the captain requested full tanks, they were kind of pissed off. Number one, they had to pay for it. Number two, they realized the guy might not come back. I told him -- he said, "What do I tell them when they get upset about it?" I said, "You tell them it is a company requirement for safety reasons in case we have to circumnavigate countries, whatever."

Q Did the captain say anything about whether the Iranians were happy with the cargo itself?

A He told me that they were all very happy.

Q Did he say whether the Iranians had inspected the cargo as it was being taken off or anything like that?

A No.

bp-27

Q Just so the record is clear, this is a fairly minor point, but I gather that when it became clear that the plane was to go [redacted] you sought and received some additional money from Mr. Schwimmer; is that right?

A That's right.

Q Do you recall how much additional money you received?

A My report here is a little unclear because, you know, I subdivided this report into several phases, whereas this was kind of also inter-phasing a little. So when I said Schwimmer came up with $8,000 after lengthy discussions, that means that was the final I got from him.

Initially, he only had $8,000. Then when we went through [redacted] I said I want more money because of landing fees [redacted] and all of that. Finally, he came up with 10,000. The captain still had about 2,500 in the ship's funds. That is why we had a total of 10,500. When you read my report, you think he gave us 10,000, but he didn't.

end bap

jm #4a

Q After you made the decision to not continue with additional sorties, did the subject of [redacted] actually doing more of the sorties ever come up?

A No.

Q No one asked you, please come back into the operation?

A No.

Q Not Copp; not Schwimmer?

A Nobody.

Q Not PO [redacted]

A No.

Q Did any of those individuals tell you that they were going to look for another carrier to finish the sorties?

A No.

(The document was marked Exhibit No. [redacted] 10 for identification:)

jm 2

BY MR. CAROME:

Q [redacted] I show you what has been marked as Exhibit 10. I ask you if you recognize what that document is?

A Yes.

Q That is a -- the outside of the so-called ships fund envelope. Those are the envelopes which are referred to earlier where we have all the aircraft documents, you know, the flight documents in, like loading papers, and things like that.

Q If I could just ask you a few items -- a few questions about some of the entries on this envelope.

First, this is an envelope that would actually contain the cash that would be aboard the plane; is that right?

A Not necessarily. This is just the envelope which contains receipts.

Q I see.

A Receipts and flight documents.

Q Could you just tell me what the sets of initials on the first line are. I see Tel Aviv. I gather that is Tel Aviv-Tehran.

The third one [redacted] I don't know what that means?

A That is [redacted] That [redacted] is the aircraft The company pilot is [redacted] Flight

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engineer([redacted]

Q What does the [redacted] stand for, [redacted] after that?

A [redacted]) I cannot read to you. [redacted])means [redacted]. That is the ground engineer. Load master was [redacted] and [redacted]

Q Were there two load masters on this plane?

A Yes.

Q What was the total number of crew on the plane?

A One -- 6. Actually, when we had both airplanes in Tehran and I saw that the load is difficult, I told the airplane, which was going back [redacted] I told them, leave your load master behind so the airplane which is left to do the flying has two load masters,so we can have this difficult cargo.

Q And the entries in the right column, I take it, refer to amounts in the aircrafts---

A Ships funds. If you want me to explain it to you, I can do that.

Q I am not sure we need to do that.

Do any of the payments reflected as having been made [redacted] represent grease money or moeny paid to people on the ground [redacted] to overcome the problem of not having a manifest?

A No.

Q Was there a bribe or grease money paid there?

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jm 4

A No. I don't think so. As far as I know, after the papers were turned over to customs [redacted] everbody was happy.

(The document was marked Exhibit [redacted]11 for identification.)

COMMITTEE INSERT

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BY MR. CAROME:

Q [redacted] I show you what has been marked as Exhibit 11. It appears to be a bank notification of a wire transfer dated, November 27, 1985; is that right?

A No.

Q It appears to be just the bank records on the payment to [redacted] for the November flight to Tehran. Is $127,000 the payment amount reflected on this document which [redacted] billed for the flight?

A I am not quite sure. I think it was a little more, but I would have to look up my invoice which hould be with this.

You know, my accountant would see this. I didn't see this before. But I am pretty sure that we got all our money, because I checked on that at that time.

Q So that---

A Could be that this was the balance. I really don't know.

Q And you see on that document that there is an indication that the mony is being received from Lake Resources?

A Yes.

Q Did you ever become aware that it was Lake Resources that was making the payment?

A No.

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jm 6

Q You sent the bill to Schwimmer; is that right?

A Yes. I sent a telex to Schwimmer and all I did is I called my bank whether the money was in or not. They said, yes, we received the money today. This would go into bookkeeping and accounting. I didn't look at it any more. I didn't really care where the money came from as long as we had it.

Q Is $127,000 at least in the ballpark of what you billed Mr. Schwimmer?

A Yes.

Q Is it probably very close to what you billed him?

A It might be the balance of what he had to pay, yes.

Q When you say balance, you mean after what he had already given you in cash in Tel Aviv; is that right?

A Yes. I would have to see my own telex to verify that. I can't really remember the exact amounts. I thought it was more, but it could be that I mix it up with something else.

Q Do you still have that telex?

A I personally don't have it.

Q Did you provide it to the agency?

A Yes. I mean it must have been in our accounting system because this income here would have to be substantiated with a voucher and an invoice.

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jm 7

(The document was marked Exhibit [redacted]-12 for identification.)

COMMITTEE INSERT

jm 8

THE WITNESS: It could also be we only have the voucher and somebody threw the telex away. I don't know.

BY MR. CAROME:

Q I show you what has been marked as Exhibit 12. I ask you if you know what that document is?

A It is a voucher we use in bookkeeping.

Q It says at the top B/O Lake Resources; is that right?

A Yes.

Q What does this reflect?

A It says on the Tehran flight. So it reflects the payment we got for the Tehran flight.

Q There is an account number [redacted] for master revenue freight 707. Did you set up a particular account for this particular mission? Is that what that refers to?

A No. We had an accounting system where we had a computer number.

So as you can see, the first was charter revenue flights, or freight. So this was the account number for all revenue flights we did.

For us it was a normal revenue flight, you know.

(The document was marked Exhibit No. [redacted]-13 for identification:)

COMMITTEE INSERT

BY MR. CAROME:

Q I show you what has been marked as Exhibit 13.

A Yes.

Q It is a memorandum dated, 31/11/85. I gather that is probably November 30, 1985? Do you recognize that document?

A Yes.

Q Is that a memorandum you wrote and then provided to PO [redacted]

A Exactly.

Q Are you answering a question of PO [redacted] here in this memorandum?

A No. I wrote that by myself. Actually I wrote that the same day I wrote the report about the flight.

Q It has a different date, didn't it? Maybe it didn't.

A No. I wrote it the same day.

Q What does "display of company" mean?

A 30/11. This should be 30/11. This 31 is a misprint or something. Maybe it was a day later. I don't think so.

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Anyway, this refers to my initial criticism in the other memo about the clandestine way of operation in this company, and since I didn't know who Copp was and he was dealing with, and whatever, I wrote this memo to assist [redacted]

PO [redacted] should he have any discussions here in the agency about who we were dealing with and how much did they gather information about our airline during the process.

In other words, I wanted to pre-empt the question, how much did Schwimmer and Copp find out about our airline.

Q Was that a matter PO [redacted] told you he was concerned about?

A No.

Q He didn't ask you to address this question; is that right?

A No, he didn't. I did that on my own. After this disaster, I figured out that there might be some discussion, you know, about who we dealt with and what danger did it do to our company, and this and that. Therefore, I wanted to assist in those upcoming discussions which I estimated would come sooner or later.

I wanted to show them how I presnted the company to those people so that they knew that these people, at least from my side, didn't get the impression they were dealing with the agency here.

Q You didn't want Schwimmer or Copp to have any idea that you were an agency proprietary; is that right?

A Exactly.

Q Did you have a discussion with PO [redacted] on that subject?

Q You just sent him this memorandum?

A Exactly.

Q Did you discuss that subject with him after you sent him this memorandum?

A No. Never heard of it after that.

Q There's a conversation referred to in the middle of this document, when Copp called again [redacted] I gather is that the conversation that you described before?

A Yes.

Q And that is the conversation---

A Here I mention also the $225,000 he wanted to save.

Q And again you had no idea what that referred to?

A No. Even when I asked him, he didn't explain it to me. I presumed that maybe he had made a downpayment with another airline and he tried to get his money back, or something like that, you know.

Q What led you to presume that?

A Well, why else would he go [redacted] and save $225,000. That didn't make sense to me.

Q So what you thought is perhaps he had made arrangements for another airplane [redacted] and needed to be there to deal with them; is that right?

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A No. To get his money back. He wanted to save the money. He wanted to save it like you save somebody from drowning. Not to save it in the economic way. That what I mean.

Q The second last paragraph of this document refers to [redacted] we had the excuse of having an urgent relief flight landing information problem. What does that refer to?

A That mean [redacted] we told [redacted] we had an urgent relief flight. And [redacted] we told the cusomter we developed landing information problems [redacted] and had to take the airplane back for repair. So that this is, by the way, a relatively standard memoradum because, you know, as far as the visability of a company is concerned, or involvement of the company, and situations were we might look suspicious, I would write a report like this to report how it looked from our side so that people would be kind of -- the people here would know that we didn't have a problem and that they could sleep well, or whatever.

They could -- that they knew as far as I am concerned, the agency was not revealed or the agency involvement.

Q The records indicate that a few days later an additional payment of $700 was made by Lake Resources to [redacted]

Do you have any idea why an additional $700 would have been made?

jm 13

A Maybe our invoice was different than the 127 and they still owed us $700 or so. I don't know.

Q Did you discuss that matter with Copp?

A I don't remember the $700. I don't know.

Q Did you know that on Monday, the Monday that the flight was returning out of Iran,that PO [redacted] had come up to the agency?

A No. I was [redacted] He was here. I didn't know what he was doing.

Q On any of the occasions when you called him, did you calí him here at the agency?

A No. I never called him here. That is why he had his office [redacted] so I wouldn't have to call the agency. And if he wasn't in, I would [redacted] pass on a message, you know, in case he was out.

Q Is it still your testimony that you did not perceive this flight to be a special flight in the sense that it was one carried on on behalf of the United States Government?

A I think we talked now five hours about this, and I think it should be pretty clear for everybody to know what I said.

MR. PEARLINE: He has answered this question, I think, now over a dozen times, the same question asked in different forms.

MR. CAROME: I would just like to have an answer?

THE WITNESS: Well, I think the details speak for themselves. I didn't think that. When I wrote those memos here, those two, I still had the impression that this was not a U.S. Government deal.

(The document was marked Exhibit No. [redacted]14 for identification:)

COMMITTEE INSERT

BY MR. CAROME:

Q [redacted] I show you what has been marked as Exhibit 14 to this deposition. I ask you if you recognize what that document is?

A No. I don't know what it is.

Q Is that your handwriting?

A No.

Q Could you review that document and tell me if it appears to be a list of flights which [redacted] performed [redacted]

A I can hardly read this here. I see here [redacted] - I think that is what it means here. I don't know. [redacted] It could be. I don't know.

Q Well, you know in 1986 [redacted] performed certain flights from [redacted] to Tel Aviv on behalf of the Central Intelligence Agency, don't you?

A Yes. [redacted]

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[redacted]

Q Let's look at the item that is four up from the bottom.

Q Yes.

A It says 23, 24 May '86.

Q Yes.

A [redacted] Tel Aviv. That is [redacted] from Tel Aviv. Then it says personal.

A That is a flight with McFarlane. TLV, that is Tel Aviv. That is why the -- on the bottom cannot be Tel Aviv. On the bottom it says [redacted] or something.

[redacted] I know that we flew McFarlane in May and the only reason why I know that this is the correct date is because [redacted] because I had to go on this flight.

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That is why I---

Q Which flight is that that you are talking about?

A The May flight.

Q Let's look at the item above the May flight. That is also a B-707, 23 to 25 November '85. It says, Tel Aviv, you have actaully written out the word "Tel Aviv," rather than using the TLV. Over in the far right corner, it says $127,000. That obviously is the November 1985 flight; is that right?

A Looks like it. Yes. There you have your $700.

Q I guess that explains that.

Isn't this a list of the special flights that---

A Could well be. I didn't write it. I don't know who wrote this.

I mean those two flights I can identify; the rest I can't tell you because I would have to look up the dates.

[redacted]

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[redacted]

(The document was marked Exhibit [redacted] 15 for identification:)

COMMITTEE INSERT

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THE WITNESS: I didn't write that list. That is why I don't want to speculate on the contents of the list.

BY MR. CAROME:

Q Let me show you what has been marked as Exhibit 15 to your deposition.

I ask you if you recognize what that is?

A No.

Q Is that your handwriting?

A No.

Q Again, that is a -- that is actually headed special flights, is it not?

A Yes.

Q Did you play any role in the preparation of a listing of the special flights performed by [redacted] in the November 1986 time period?

A No.

[redacted]

Q And Item [redacted] says drilling equipment to Tehran, 11/85. Do you know what that is a reference to?

A No.

Let me ask you one fundamental question here? Are you interested in facts from my side or speculation?

Q Facts. That is all I want.

A Then I don't comment on this one here, because I don't know anything about it.

Q After the November 1985 flight was completed, -- let me withdraw that question.

You are aware that the -- that [redacted] flew a flight [redacted] to Tel Aviv in May of 1986; is that right?

A Yes.

Q And wereyou aware of who was aboard that flight?

A Yes. I was onboard myself.

Q Who were the other people who were onboard?

A P [redacted]; co-pilot [redacted] flight engineer, I don't remember now, but the lead master [redacted] and then myself, and a ground engineer, I think,we didn't have on that flight. I am not quite sure now.

Q Were there any other persons on the flight?

A Yes.

Q Who?

A We had five or six people out of which I recognize only one. That was McFarlane. I didn't recognize anybody else.

Q You didn't recognize Oliver North?

A I didn't know him.

Q Do you know whether or not he was on the flight?

A I don't know.

Q You don't know the names of any of the other individuals on the flight?

A No. In fact, I didn't know any name. Even McFarlane's name I didn't know. I wasn't even sure I recognized him or not because he looked so much older in reality than on TV. Maybe he was just tired. He just came over on a trans-atlantic list.

Q How were you tasked to perform that flight, meaning how was [redacted] tasked to perform that flight?

DO

A [redacted] called me. I was [redacted] at that time. [redacted] The day before that happened he called me and he said you have to do a flight tonight. I said, I can't do that. He said, you have to. I said, why? He said, well, because there is a VIP onboard. You have to be on-board yourself to make sure everything goes smooth. And so finally I gave in and I said, okay, I go. So I went, you know.

That was it. He told me -- I said, what are the details? He said, [redacted] Tel Aviv to land in Tel Aviv at 2:30 GMT precisely because before that they don't open the airport. So then we went [redacted]

The passengers boarded the plane. We flew to Tel Aviv. We landed at 233. The passenger got off and we flew back [redacted]

BY MR. CAROME:

Q You said before that there was no [redacted] employee or crew member other than yourself who knew about the proprietary nature of [redacted] is that right?

A That is still the case nowadays.

Q I am not asking for the identify of another person who might be aware, but there is a memorandum that I am looking at. I am looking for a copy here. It seems to indicate there is another individual who is aware.

If you will just be patient, I will try to pull it out.

A I think you are right. I just remember there is another one.

Q Was that person involved---

A No.

Q ---in the November 1985 Tehran flight?

A That person came afterwards and also is not on the -- in the 707. It is in [redacted] business.

Q So that person -- withdraw that question.

A I forgot about that because I focused on the 707. There we don't have anybody else, but under [redacted] we have one more person.

(The document was marked Exhibit [redacted] 16 for identification:)

COMMITTEE INSERT

Pages 184 and 185

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TOTAL

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bap-1

(Discussion held off the record.)

(The document was marked Exhibit [redacted] 17 for identification.)

BY MR. CAROME:

Q I show you what has been marked as Exhibit 17. I ask you if you recognize what that document is. For the record it is headed at the top, "Summary of Review, 30 November 1986," and it refers to an auditor or an audit of [redacted] Do you know what that is?

A No.

Q Have you seen that document before?

A No.

Q Are you aware of an audit of [redacted] being conducted in late 1986?

A Yes.

Q Were the auditors concerned about finding out information about cargo handled by [redacted]

A No.

Q I just note that item 5 says, "In an attempt to identify..." I understand you haven't seen this document before. But Item 5 indicates some interest of the auditors in the nature of the cargo being hauled, and I am just wondering if you know why it was that that might have been a concern of auditors in November 1986?

A I don't know. It is new to me.

A I don't know. It is new to me.

Q Were the auditors focusing in particular or among the items that they were looking at was -- was there some special emphasis on the flights into Tehran?

A I don't know because the audit was happening in PO [redacted] office, and he had all the documentation, and I wasn't there. I just saw the auditor for one or two meetings where he had a list of questions which he wanted to ask me and none of them dealt with the Tehran flights.

Q Was this a regular commercial auditor or was this something else that was happening here?

A As far as I know, that was a normal audit like -- that was not the first audit we had. We had several audits. In fact, we had one every year, I think.

Q Item 6 on page 2 refers to one of the Tehran flights carrying "drilling equipment which later turned out to be munitions."

Do you know where the label of drilling equipment became associated with the November 1985 flight?

A I really don't remember. I think somebody had named it maybe drilling equipment because he didn't have any other idea or what. I don't know. I think you say my extensive memorandum about that Tehran flight and although I wrote eight pages about, I didn't get into the nature of the cargo because I simply didn't know about it.

Q Do you know whether or not the pilot might have listed drilling equipment on the manifest [redacted]

A Could well be.

Q You don't know one way or the other?

A No. I didn't see those papers actually.

(The document was marked as Exhibit [redacted]-18 for identification.)

BY MR. CAROME:

Q This is Exhibit 18. I am not sure what it is. I wonder if you will recognize what that document is?

A No.

Q Is that your handwriting?

A Definitely not.

PO

Q Is it [redacted] handwriting?

A Could be. I don't know. I can't even read it. I just read reimbursement, I think, and request. That is all. I have no opinion.

Q You don't know -- let me rephrase that.

Do you have any idea why the subject of reimbursement would be discussed in connection with the November 1985 flight to Tehran?

A Well, I would say you would have to ask me who wanted to reimburse whom. I don't know who.

Q That is what I am trying to figure out.

A Well, I don't know either.

MR. CAROME: I don't believe I have any further questions.

MR. WOODCOCK: But I do.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q [redacted] I represent the Senate Select Committee. My name is Tim Woodcock. The Senate and the House have conducted joint depositions so that persons such as yourself don't have to show up at two different meetings. I will be asking you questions, but I have made -- from marginal notes I have made in the course of this deposition. They may jump around a little bit.

First, let me ask you as a proprietary manager, are you given guidelines by PO [redacted] or anybody else associated with the agency as to when you are supposed to check back with them and when you are not on commercial flights?

A I don't have any written, strict guidelines but over the years, it kind of -- a certain system evolved, because PO [redacted] was not the first one I dealt with. Before I talked t[redacted] In fact [redacted] and I kind of built the airline up together.

He was handling the agency side. I was handling the airline and the commercial side. We had frequent meetings and discussions and so on and so on. We also had

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discussions as to the strategy of the airline, what should we do, how should we do it, and so and so on.

As a result, we were pretty much going the same direction and didn't really have to consult every time, you know. But then later on, when PO [redacted] came in, a new man came in where I had to deal with. Therefore, in fact, the consulting in individual cases was a little more direct than before.

In other words, before I was left alone a little more than later, you know. Later when PO [redacted] was there, I was more -- he also asked me more and so on.

[redacted]

Q You have an understanding that there are certain countries or certain cargos associated with certain countries that you cannot take to those countries without first checking with the agency?

A Yes. For example, we would not fly drugs, for example, to any country. I mean, that is an understanding that--in fact, I wrote several memos in our company where I reminded the employees that the use of drugs or the transportation of drugs was totally forbidden, and if any time somebody would get caught, that he would be fired. So that is, for example, one item.

We have a list, a book called, "Hazardous Goods." It is a guideline from the ICAO when you want to fly hazardous material. It lists what is hazardous and what not.

Q Is this from the agency?

A No. That is from the International Civil Aviation Organization. Every airline has a book like this. Whenever you get cargo offered, you consult the book and check whether it falls under the hazardous material column or not.

Q I understand that. My question is a little different. Do you have an understanding from the agency as to whether if certain countries are brought to your attention as possible end destinations, that you can't -- that you must check with the agency before you go to those countries?

A Yes. We have a list of those countries.

Q So that that is clear to you?

A Yes.

Q I gather Iran is on that list; is that correct?

Q And Iran would have been on that list in 1985; is that ture?

A Yes.

Q And is the nature of that list such that there is -- that you should not go to Iran at all regardless of the cargo

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without checking first with the agency?

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A Exactly.

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Q Let me back you up, if I may, to the August 1985 gunpowder flight.

MR. CAROME: Can we go off the record for just one second?

(Discussion off the record.)

MR. CAROME: Let's go back on the record.

BY MR. WOODCOCK:

Q Let me back you up, if I may [redacted] to the August 1985 gunpowder shipment. I gather from your testimony that you had fore-knowledge before that flight actually occurred as to the character of the cargo; is that correct?

A Vague knowledge, yes.

Q Did you check with PO [redacted] before getting approval to take that into Tehran?

A Yes.

Q And was this -- did he give you immediate confirmation or check with somebody and then come back to you?

A I think he checked first and then he said it is okay. Although when I asked him, I didn't go into detail with the cargo so much. I just said that is -- the expression is like hot cargo which is like ammunition, whatever, in that direction.

Q So you used a general term like hot cargo?

A Yes. Because I didn't know myself at that time.

Q Excuse me. As far as you were concerned, it

CAS-2

could have been anything from handguns to Hawk missiles?

A Yes.

Q And I gather that PO [redacted] did not seek further clarification from you before giving you approval; is that right?

A That is right.

Q Let me ask you, in addition to this, did you have an understanding when you were speaking to PO [redacted] that the cargo also might include detonators?

A I didn't know that at that time myself.

Q And I gather from your testimony you are not certain whether detonators actually went to Tehran or not, is that true?

A That is true. I was not there. See, what happened was the cargo was brought to [redacted] from [redacted] from [redacted] from [redacted] They ended up at the airport [redacted] It was loaded and then the airplane left.

After the flight, you know, I got the documentation. I sent it in. I must admit I didn't really look at the documents myself so much, you know, because for me it was history and I just sent it in for information and I concentrated on the next.

We were running here a company [redacted] and, you know,

CAS-3

I didn't take a vacation in six years. I worked day and night.

Q I am not asking you these questions to be critical.

A I am just explaining why some things I don't know so well anymore. They were not so important for me at that time.

Q I understand. Your testimony is that in August of 1985, you had an order to bring hot cargo into Tehran, that you checked with [redacted] and that he gave you approval to bring hot cargo into Tehran?

A Exactly. In fact, like I said before, after the flight, I had a meeting [redacted] with [redacted] and so because I had to stay [redacted] and so that he would transmit this to the States a little faster, and they were very pleased with the outcome, so to speak, and were hoping for more.

Q You testified that it has been common knowledge that -- in the aircraft industry, or the air carrier industry, that Israel has been sending weapons to Iran since the Camp David accords; is that right?

A Yes.

Q What is the market --

A By the way, I have to extend that a little. Not only to Iran, but also to Iraq. To both countries.

Q And is it also your testimony that these shipments are known to Iran to originate in Israel?

A As far as I know, yes.

Q Does [redacted] tell you anything about the frequency of these Israeli-originated arms shipments to Iran?

A I must say no. I just -- you know, you hear from brokers and people in the industry about those flights and like when the CL-144 was shot down a few years ago, those events are kind of highlighting the whole situation, but how many flights when, so on, we don't know. I didn't go into that.

Q I gather that that is the kind of information that you would also report back to the agency; is that right?

A On those -- the [redacted] flight, I think I wrote a memo five or six years ago. I never raised it again because -- you know, it was a one-time thing and nobody seemed to have more interest because if I raise subjects where there is more interest here in the agency, then I will be told find out more about this, find out more about that. So from the reaction, I thought that they knew as well.

Q So you didn't conclude that they were not interested. You concluded that they already had the information; is that right?

A Presumably because it was not [redacted] as such. It was more like, you know, people knew about it.

Q As part of your responsibilities to the agency [redacted] [redacted] do you regularly debrief your pilots when they come back?

A I do that, but in a way that they are not aware of the debriefing. I do it in a commercial way, where I emphasize more the commercial problems and so forth [redacted]

Q Do you debrief just the pilots or the whole crew, or does it depend?

A Usually I just talk to the captains, unless, you know -- it depends whether -- like, for example, we had a flight [redacted] There I talked to several of the crew members so that I wouldn't have to ask too many questions to the captain.

Q When you compiled the memorandum that was dated 30 November 1985, -- I am not sure what the exhibit number is on that.

A The eight-page deal?

Q The eight-page memorandum you prepared. Was that based on a debriefing of the pilot and some of the crew?

A That was based on 90 percent captain and ten percent co-pilot.

Q I gather it was also based largely or at least in part on your own personal knowledge from your own discussions?

A Of course. When I said captain and co-pilot, I

CAS-6 meant the portion where I was not there, you know.

MR. CAROME: For the record, that is Exhibt 7 that is being referred to.

MR. WOODCOCK: Thank you, Pat.

BY MR. WOODCOCK:

Q In that report, the pilot is represented as saying that he was met by a civilian in the Tehran airport area who told the pilot that he was expecting four more flights originating from Tel Aviv.

A Yes.

Q I gather that is what the pilot told you; is that correct?

A Not only that. The pilot told me also that this guy told him also several times please don't tell anything that you come from Tel Aviv here; don't talk to anybody.

Q But it was no mystery to this civilian as to where this flight had originated from; is that correct?

A It was no mystery.

Q And, again, later on, the same civilian, I believe, is represented as again on the fuel question saying that he was disappointed because they asked for a full tank and knew that a full tank was not necessary to get back to Tel Aviv; is that right?

A Exactly.

Q Did the pilot encounter anybody else from Iran who

CAS-7

understood that this was an Israeli-originated flight?

A No. They had -- the same guy with a submachine gun was escorting them to the hotel. Picked them up again and also went with them to the officers' mess and went to the tower with them which I also reported there because I had told him to make sure that on the return flight, that the overflight [redacted] was okay and they should check it with them there and get a number or something.

[redacted]

Q You understood that part of that shipment was ammunition but your testimony is that you coudln't be sure whether it was the large or the small boxes; is that right?

A Exactly.

Q You then received information that fit the description of at least the large boxes; is that right?

A Yes.

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Q You concluded from that that this might be the shipment [redacted]

A Yes.

Q But your testimony is that you couldn't be sure whether this was ammunition or not [redacted]

A In fact, I even have to go a step further. I didn't know whether there was even ammunition [redacted]

Q So given that background of information, you later learned that the -- your airplane had ended up on the military side of the airport in Tel Aviv, is that right?

A Yes.

Q Now, did that suggest to you that maybe the large boxes were ammunition or, at least, military?

A It could be. I didn't -- like I say, I didn't know. You see, in Tel Aviv, it is not so unusual that the military gets involved. Like I said before, on my previous flights with passengers, the military was involved. Because one passenger carried a belt with those batteries for a camera, you know. Somebody thought it was maybe a bomb or something. So the military rounded up the military airplane, searched everybody, and so on. So they have a close watch on those airplanes.

Also, here was a civilian in charge. As my guys reported, "kicked around high ranking officers". So, to me, it had more the impression like the military was facilitating a private entrepreneur.

Q Let me just say this. It sounds to me from the -- from your testimony that you already, by the time the plane gets to Israel, you already have a suspicion that military cargo may be involved. You don't know it, but you suspect it, is that right?

A Yes, but then Po [redacted] told me no.

Q And then you go further to the airport and you find that it is on the military side of the airport. You find further that there are military officers involved, even though they are being kicked around by a civilian and they are high ranking military officers, is that right? At what point after learning all those things, putting all those things together, do you go to PO [redacted] and tell him of your suspicions?

A To tell you quite frankly, I didn't go to him with those suspicions in this particular case because he referred the whole deal to me. So I thought he knew more than I did. You know, and also everything which has to do with Israel is sensitive.

And when I was [redacted] I had to use normal telephones to talk to PO [redacted] That is why I wouldn't raise questions like this because I would have to suspect that, you know, it goes all through satellites, that people might listen to it. So, therefore, as far as I was concerned, I just took it as it came.

Q Well, now you have gotten me completely confused.

Your memorandum of 30 November -- and I thought your earlier testimony -- indicated that you had checked with PO [redacted] because you suspected that lethal equipment might be on.

A I was [redacted]

MR. PEARLINE: I think there is a confusion on the time frame. Are you asking did you check with PO [redacted] while [redacted] or later?

THE WITNESS: I checked Friday night.

CAS-11

BY MR. WOODCOCK:

Q He denied it was military?

A He denied and after that we didn't raise the subject anymore.

Q Even though you later came across your original supposition reinforcing your opinion it was military equipment?

A Even if I had known for sure we had rockets onboard, I would not have called him -- I would not have informed him because since I was referred by him and since this thing was underway, I would have reported after the fact. You saw my report.

Q Would it be your understanding then at that point tha PO [redacted] denial was really PO [redacted] way of saying it is none of your business?

A I just took it as it was. As a denial. He said no. No is no. I didn't raise it any further. I thought maybe I made a mistake. You see, it was only an assumption from my part, just because of the size of the boxes.

If he says no, then I assume, well, maybe he knows what he is talking about.

Q Now, you also have testified that Mr. Copp,whom we now know to be Richard Secord, at no time toldyou about the true character of the cargo; is that correct?

A That is right.

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CAS-12

Q Now, if he were to testify that he did tell you, he would be wrong; is that right?

A That is right.

Q Do you think he would have believed that he could really keep the true character of the cargo from you?

A Yes. Because we wouldn't open the boxes. As long as you don't open the boxes, you don't know what you have.

Q But the circumstances surrounding the loading of the boxes are going to suggest that is, in fact, military equipment?

A But, you know, the things is this: we don't work with suggestions. We work with facts. The fact is somebody hires the airplane, puts cargo onboard, it is blessed by the government where it is being loaded, so I couldn't care less what it is. Unless a pilot says to me I don't fly this stuff because I presume there is something dangerous in there, then I would say, okay, let's see what it is, open the box. But this didn't happen on this flight. Nobody was interested in the cargo actually.

You have to understand the situation. This was a real -- how can I say that? Maybe I can say that off the record.

The pilots would say that was a real goat-fuck which means the thing was really hilarious in the end. So, therefore, everybody was pre-occupied with loading and timing and this and that and nobody could give a shit what the cargo was, you know.

Q What was the quality of your contact with the pilot when he was on the ground in Tel Aviv? Was it frequent?

A Pretty good.

Q How was it accomplished?

A By telephone.

Q So you were getting pretty detailed reports back from him?

A Yes.

Q Things that were happening you were learning contemporaneously?

A Excuse me?

Q The things that were happening on the ground there you were learning pretty regularly; is that correct?

A That is right. I learned it only from my pilots because I had more the impression that Schwimmer and those guys were in the business of kind of hiding up things in front of me instead of telling me what the problem was. For example, Schwimmer said loading is underway. My pilot said nobody is loading.

Q Were you relaying this information back to [redacted] [redacted]

A When I talked to him, yes. I would mention that -- you know, the thing is a disaster and so on, bu. I really don't exactly know at what point I told him what. I talked to so many people and I didn't sleep for three nights.

Q [redacted] your description of the ordeal you underwent over the weekend of November 23rd would give a person to believe that there may have reached a point where you would have turned back to [redacted] and said, who are these clowns? Did you do that?

A I did that, yes.

Q What was his response to that?

A He said, "I don't know."

Q Did he check with the agency to find out who these clowns were?

A He said it is not the agency. I said, I know that, but -- in the meantime -- but I was used during several years of operation with the agency, that had the agency been involved, things would have been different, like they used to be. I knew we were dealing with some kind of weirdoes here. I thought all the time they were Israelis. Only much later I heard about what it really was.

I heard it from the press. Nobody really told me. I put two and two together later on when I read the newspaper reports.

Q Your operation is at risk because of the amateurism of these people; is that right?

A Exactly.

CAS-15

Q And that is an item of great concern to you, even at this time; is that right?

A That is why I reached a point where I cancelled the whole deal even without PO [redacted] approval, see, because I reached a point where I would say, not with me, I don't go any further.

If they want more flights, they have to present a very good case to me. Otherwise, there is no-go.

But then it came, they said yes, it is okay.

Q But I gather before that point you checked back with PO [redacted] and said these guys are amateurs, do I have to work with them? Did you put that question to them?

A I didn't say it that way. I said more in a sense like do you know who you referred me to, do you know what is going on here? He said no.

I gave him a description of the disaster. I said I really would like to know whether I should go on with this yet. And he said I don't know. Like I said, the time and everything went so fast. It was a weekend.

So finally, I reached the conclusion myself that I wouldn't go on. At least not as it was.

At that point, when I said I don't go on, that didn't mean I don't go on forever. It just meant I needed time. I wanted three, four days, maybe even two weeks to prepare this. I was not against doing those flights.

PO

CAS-16

Q What if [redacted] had come back to you and said, look, I know you have tried to shut this thing down, but you have got to go do it. Do it.

A I would have called him, sorry, I can't perform. The pilots won't go, which would have been the truth.

Q Except the man who wanted to pick up his rug: right?

A Yes.

Q Did he ever get his rug?

A No. Never went back.

Q Did Secord ever explain to you why it was it took so long to pay you?

A No. In fact, he pretended that he was amazed that we didn't have the money. He said -- he kept saying we have enough money in the Swiss bank account and so on, and kind of as a bluff, I said to him, my bank tells me that they talked to your bank and there is no money in your account. That is why I don't get the transfer.

Q What did he say to that?

A He said that is totally untrue, and so on, and I will get on this myself immediately. That was that.

MR. CAROME: Did he originally te-l you you were going to receive payment right away as soon as he would manage it?

THE WITNESS: Yes. In fact, we had agreed on a

CAS-17

payment of Monday, assuming that we did several flights which would last until Thursday or so. So we would get our money early enough.

Under normal circumstances, had this not started on a weekend, I would have insisted on pre-payment. But since this was Saturday and Sunday, we had to be reasonable. So, you know, we waited until Monday.

BY MR. WOODCOCK:

Q You testified earlier that you obtained insurance for this flight in the amount of, I think, $2500?

A We obtained insurance for the first flight which we did [redacted] For this flight, I don't remember whether we did or not because I didn't handle it.

Q I am going to show you a document. I will not have it marked because I have already marked it up myself. I will give the CNIN number for the record, it is CNIN 2553.

Do you recognize that?

A That is a deposit ticket to our bank account [redacted]

Q Does that have anything to do with obtaining insurance?

A No.

Q Do you have an understanding of what that is all about?

A I don't know what this refers to. I would have to

CAS-18 look it up; 26,000. The insurance would have been $2.5 thousand. We wouldn't have a deposit into our account. We would have to make the payment [redacted].

Q Let me ask you a couple of questions about insurance. When you went [redacted] to get your August flight insured, what was insured? The plane, the pilots, the cargo?

A Yes.

Q Everything?

A Yes.

Q What is it insured up to?

A The airplane was insured up to I think $1.5 million. Third party liability was $20 million. Cargo liability was, I think, up to $5 million.

Q That is all for 2500 bucks.

A No. That was additional for Tehran. We pay $300,000 per year roughly for the insurance. But in the insurance agreement, several places were exempt like, for example, Tehran and other places like Bagdad or whatever where you have a war situation. Although we carried war-risk insurance, still -- so then in each event, we had to call the insurance -- sometimes they would say okay, it doesn't cost you anything, you go ahead. Sometimes they would say it costs you additional money.

In this case, it covers an additional $2.5 thousand on the first Iranian flight. On the second, I don't know

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because I just let my operations people handle it and I presumed they did it. And if not, maybe not because it was a weekend.

Q Let me ask you a different question. Answer if you can from your experience. Do you know if you do not have a baseline policy like the one you have described, yet you want a carrier to make a flight into a place like Tehran, can you get a single insurance policy to cover something like that?

A Yes.

Q Do you have any idea what that might run?

A I think the amount is not really the problem. The timing is the problem. [redacted] insurance -- I don't know if you are familiar with the [redacted] system, [redacted] is, to give you an example, a room like this one where 50 people are sitting, each one at his little desk, the so-called underwriters.

If you want to have your insurance done, you need a lead underwriter. You need one guy who signs on your paper as the first guy. Everybody else will look for the first signature. If there is no first signature, you don't get anybody to insure you.

Usually you need a broker who runs over [redacted] and tries to convince somebody to be the lead underwriter. Then the others will follow and that takes usually a week or three days or so.

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CAS-20

But it is a lengthy procedure. So, therefore, and then the second thing is, of course, it costs a lot of money. But the shortest period they would really insure is like a month. They wouldn't go for one single flight.

[redacted]

Q So there are circumstances where you can get a policy that runs less than a month but it is expensive?

A Yes, very expensive.

Q When you say "very expensive", $50,000?

A Well, let's say -- we pay 300 per year, which is about 25 per month. If you want it for one month, you would pay maybe twice as much.

Q Your report of 11/30/85 uses the term "special flight"?

A Yes.

Q Some of the documents that Pat showed you also use the term "special flight". Does that term have a particular meaning to you?

A That term means basically every flight which is

CAS-21 not a normal flight. Normal flights are flights which we do for other airlines, regular customers, like sub-charter flights, and things like that.

Q When you use the term "special flight" to, say, someone like PO [redacted] do you and he have a common understanding as to what the term means?

A Yes.

MR. CAROME: Was the August 1985 flight a special flight?

THE WITNESS: Yes. It was a special flight because it involved Israel and Tehran, two hostile countries. So that is special.

MR. CAROME: How did it involve Israel?

THE WITNESS: Did you say August or November 1985?

MR. CAROME: I said August 1985.

THE WITNESS: I thought you said November 1985.

MR. CAROME: Wa s the August 1985 flight a special flight?

THE WITNESS: Yes.

MR. CAROME: What made it special?

THE WITNESS: There were countries sending equipment to countries fighting a war.

In fact, I think in view of the later revelations here in the States, I think it was pretty good we did that first flight to indicate that the U.S. is not the only country

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who would support a deal like this, but also [redacted] who then cried outloud after all this was revealed, and in reality they had all along supported Iran. [redacted] foreign trade with Iran is one of the biggest [redacted]

MR. WOODCOCK: I think that is all I have.

MR. CAROME: I have just a few -- I am talking less than three minutes of questions.

MR. PEARLINE: Promises, promises.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q Did [redacted] make any flights to Central America that you are aware of?

A Yes.

Q Were any of those flights special flights in that they were on behalf of the United States Government?

MR. PEARLINE: I think he said the special flights are not always upon behalf of the U.S. Government.

You can answer with respect to if it involved the contra program.

THE WITNESS: Well, I don't know what it involved. I just know that we did those flights [redacted]

BY MR. CAROME:

Q What were the flights [redacted]

A [redacted] flights [redacted] It is not really a big thing because the equipment we flew as far as I could see

CAS-23 at least when I was onboard was our regular equipment.

[redacted]

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CAS-24

[redacted]

Q Were you ever aware that the November 1985 flight to Tehran that you were involved in was somehow connected

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with the hostage release operation?

A No.

Q Did you ever hear either Oliver North's or Dewey Clarridge's name mentioned in connection with the November 1985 flight?

A No names were mentioned at all.

PO

Q And neither [redacted] nor Copp nor Schwimmer nor the pilot ever referred to it as hot cargo; is that right?

A No. Like I say, we didn't talk about the nature at all.

MR. WOODCOCK: When you say "no", you mean that they did not refer to it as hot cargo; is that right?

THE WITNESS: No. They didn't say "hot cargo". You know, everybody was so preoccupied with the size of the boxes that in the process, everybody forgot what was in the boxes. You know, nobody really cared.

BY MR. CAROME:

Q Do you know whther the boxes had any identifying writing on them?

A I don't think so. Because the pilots would have reported that to me.

Q You believe that if the pilots knew it was weapons they would have reported that to you right away?

A Well, if they had seen a description on the boxes, they would have reported that to me because when I asked

CAS-26

them what was the cargo, the general opinion was we don't know. Like I said, one co-pilot said why didn't they shot the stuff over to Tehran, assuming that that was rockets, you know.

Q But that was after the fact; is that right?

A Yes.

Q How long after the fact?

A A week or two later. When we got together and talked personally.

Q Was it before you wrote your November 30 memorandum or after?

end 5

A After. You see, the same crew who came back from that flight, as I wrote here, went on [redacted] and continued the contract I had there, which went on for another week or so. So it took quite some time until I got together with the crew.

Q So obviously the crew learned during the flight that it was weapons, but they didn't report that to you right away; is that right?

A Maybe they assumed that, but they didn't report anything to me.

Q When you learned that it was rockets, did you pass that information on to PO [redacted]?

A No.

Q You didn't think that was significant?

A I didn't learn it was rockets. I just had the opinion of the co-pilot and, in fact, I think I quoted the co-pilot to PO [redacted] and we laughed about it. But that was it.

Q So you did pass that on to PO [redacted]

A Much later. I told him what the co-pilot said. We laughed about the comment.

Q Did you not believe the comment?

A I believed it, yes.

Q Did PO [redacted] believe it?

A I don't know.

Q That was certainly a significant [redacted] [redacted] information, wasn't it, the kind of thing you would certainly pass back to the CIA if you knew that weapons had been shipped to Tehran, right?

A I had two things I have to say. Number one, like I said, he referred the whole deal to me, so I thought he knew more about it than I did. Number two, I just quoted a joke. What he made out of it, that was not my problem.

[redacted]

PO

Q [redacted] was [redacted] predecessor, just so the record is clear; is that right?

A Yes. That is right.

Q Did you at any time in November or December 1985 learn that the National Security Council was involved in the November 1985 shipment?

A I just -- I don't know when I read it in the newspaper, but I can't remember.

Q But at the time of the flight and around that time, you didn't hear that; is that what you are saying?

A No. No. Not at all. In fact, I would have been very amazed to learn that, you know.

[redacted]

Q Do you still have in your possession or control any documents relating to the November 1985 flight?

A No.

MR. CAROME: I don't have anything more.

MR. WOODCOCK: Well, I don't hve anything more except I do have an admonition. I would think that you might want to have the agency check up on any member of [redacted] who would profess to know the intimacies of goats.

THE WITNESS: That is a common expression with our pilots. Everybody knows what that means.

MR. WOODCOCK: Thank you.

MR. CAROME: Thank you very much.

(Whereupon, at 3:45 p.m., the deposition was concluded.)

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26 Jun 8

INCONSULT [redacted]

INCONSULT

EASYLINK 3275814A882 26JUN85 12:14/12:14 EST
FROM: TLX [redacted]

TO:

ATTN

[redacted]

NNNN

INCONSULT PCHR

DEPOSITION EXHIBIT
[redacted]
4/11/87

Released on 29 Jan 88
provisions of E.O. 12356
K. Johnson, National Security Council

[redacted]

5571

Jun 85

[redacted]

041633JUN85

163004JUN85

TO [redacted]

3 A 2/43

26240

PLS INFO IF INTERESTED IN FLT [redacted] THR 5644 KGS DETONATORS PLS QUOTE ALL INCL AS FLT WUD BE UNDER YR FLT NUM.PLS REVERT ASAP YR QUOTE AND AVAIL.BST RGDS [redacted]
;

CIIN 2543-

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Date 20 [illegible] 87

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under provisions of E.O. 12356
by K. Johnson, National Security Council

7 Aug 85
Jul 85

m789213839+
213989 epd ir
4189895 fmo d

attn: director general civil aviation civilair tehran
from: [redacted]
date: 07. aug. 1985
we hereby req. your kind approval for traffic rights for flng
flt.: [redacted]
flt [redacted] 12.aug.85 [redacted]

all times gmt stp
cargo [redacted] thr: 30 [redacted] smokeless powder and detonators,
un- code [redacted] and 1.1.b./0029 stp
thr- [redacted]
consignor: [redacted]
consignee: the islamic republic of iran, defence industry organization, pasdaran street 5, p.o. box 16765/183, tehran -16 stp

pls submit your approval to sita: [redacted] or postal telex:
[redacted] stp
thank you and regards
[redacted]/[redacted]

5572

DEPOSITION
EXHIBIT
[redacted]
6/11/87

nnnn

[redacted]

$ 1,000.

2 or 3 Car [redacted]

~~1 A T~~ from [redacted]

From [redacted]

2000 T [redacted]

1 Fcr/Wk. Gen Ca

[redacted]

2 Lots 20 also tel [illegible]

End of Aug.

3 3 2/43

UNCLASSIFIED REVIEWED FOR RELEASE DO 26241

C IIN 2542

Aug 85

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PAID TO

RECEIVED FROM [redacted] - 11SD

DATE August 1985

PURPOSE [illegible] [redacted]

Flt. Reserve

ACCOUNT TITLE	ACCOUNT NUMBER	DEBIT	CREDIT
	[redacted]	72690.80	
	[redacted]	119.20	
	[redacted]		72800.00
	[redacted]		

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K. Johnson, National Security Council

DEPOSITION EXHIBIT
[redacted] 3
11/27 [illegible]

5573

[illegible] [illegible] - [illegible]

[illegible] [redacted] [illegible]

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3

3/13

CHECK #	AMOUNT	PREPARED BY	26654	VOUCHER#
C11N 2591		[illegible]		CD 8-2

26 Aug 85

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DEPOSITION
EXHIBIT
[redacted] 4
6/11/87 [illegible]

[redacted] August 26, 1985

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by K. Johnson, National Security Council

5574

Memorandum to: [redacted]

Subject [illegible]ctivity 12-24 August 1985

From [redacted]

Our 707 [illegible] the flight from [redacted] to Tehran 13 [illegible] August [illegible] had previously reported. The cargo was reported [illegible] 30 tons smokeless powder and detonators from [redacted] and Israel.

The 707 returned [redacted] 16 May [redacted]

[redacted]

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/43 [illegible] HSCTS

CIIN 2538 DO 6201

DEPOSITION EXHIBIT [redacted] 5
6/11/87 [illegible]

MEMO 191185 **UNCLASSIFIED**

19 NOV 85
19 Nov 85

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[redacted]

[redacted]

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Knowing that Israel is sending war material via [redacted] to Teheran I believe that that is their motivation for [redacted] because it would reduce transport costs dramatically.

C1IN2536 [redacted] 0 26237 [illegible] 26 Apr 87
[illegible]

MEMO 211185

21 NOV 85

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DEPOSITION EXHIBIT [redacted] c
4/1/87 wed

5576

[redacted]

2. [redacted]

3. [redacted]

3 3c 2/43

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4. TEHERAN SITUATION

A flight was made from [redacted] to Teheran with Boeing [illegible] on the [illegible] Nov 85 [redacted] The aircraft was safe escorted by Iranian fighters until it reached Teheran. There is one more flt coming in December [redacted] [redacted] which we are negotiating presently. 3 more flts are planned beginning 86 to go [redacted] we will be informed about those.

[redacted]

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5. VARIOUS FLTS.

[redacted]

6. GENERAL SITUATION

[redacted]

[redacted]

Pls find enclosed the cargo documents of our last flt [redacted]
[redacted] to Teheran.

7. GENERAL

[redacted]

[redacted]

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DO 26034

C IIN 2535

[illegible] 20 [illegible]

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[redacted]

[redacted]

[redacted]

A

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DO 2623

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AUN 2535

UNCLASSIFIED

30 Nov 8

MEMORANDUM 301185

[redacted] 7

5577

Re.: Mission TLV/THR

1. CHRONOLOGICAL REPORT

PHASE I - Contact and Contract

Friday afternoon 22 Nov first info to me via [redacted] that I would be contacted concerning an urgent flight and that it was in our interest to perform those upcoming flts. At about 20 00 Local time I was contacted by a certain Mr.Richard Copp [redacted]
He asked me whether I had already been informed about a mission, which I denied. He then explained to me that there had to be 3 flights done as quickly as possible " Government to Government" from Tel Aviv [illegible] After a short discussion we agreed that we could do it with [illegible] aircraft consecutively for a flat fee of 60 000.00 USD plus fuel, landg,handlg had to be paid by him. Further it was agreed that second Boeing would be made available on request should the matter get urgent.
During my subsequent phone conversation to our [redacted] I referred to my MEMO 211185 para [illegible] and questioned the way it was displayed to me and supposed [illegible] this cargo was the same as in my memo indicated. This was [illegible]d.

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PHASE II - Positioning

Our Boeing [redacted] had just arrived [redacted] The aircraft was taken over by [redacted] and [illegible] departed to [redacted] Capt [redacted] had the order that upon the receipt of the code "Celia" he would find an excuse for the customer and depart [illegible] Aviv, filing officially for [redacted]. Traffic rights for [illegible]ht [redacted] [redacted] were tentatively applied for by our [redacted] should this become necessary.

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Our second Boeing was parked in [redacted] and [illegible] not [illegible]rt before the airport opened the next morning [redacted]
At the time I had made the agreement with Copp [illegible] about 0100 GMT The crew [redacted] which was supposed to do [illegible] [redacted] the next day [redacted] was therefore alerted concerning the early departure of this aircraft to Tel Aviv. After the airport had opened the fuel company was available for fuelling this aircraft [redacted] At about this time I was informed by Copp that pallets had to be taken along. [redacted] Our own pallets were stored in the

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hangar. [redacted] Due to the shortage of time we decided to let the aircraft fly [redacted] to pick up the pallets instead of transporting them [redacted] ground transport. [redacted] The pallets had been put on a forklift in the meantime and our mechanic was waiting for the aircraft to arrive. After the aircraft had arrived the pallets were loaded and the aircraft continued to fly to Tel Aviv after having refuelled a little because of the extra flying time [redacted].

[redacted]

In the meantime Capt [redacted] together with [redacted] and an copil additional loadmaster [redacted] had arrived from Paris via train and were also on board when the aircraft departed finally at about [redacted] It arrived in TLV at [redacted] (23 Nov)

Due to this departur[illegible]ay, Copp had requested from me to also put the second aircr[illegible]into this operation due to the utmost urgency of the miss[illegible]
Therefore the code wo[illegible]as/ IT WAS transmitted [redacted] and after unloading [redacted] fuelled and departed to TLV [redacted] The overflight rights had been granted in the meant[redacted] landed at [redacted] on the 23 Nov in TLV[illegible]

PHASE III - Loading

Although Richard Copp, [redacted] had said to me that the loading was planned to take 5 hours but would be speeded up to 2 hours, [redacted] which had first arrived, had [illegible] loaded one piece out of 19 pieces in 4 hours. Therefor[illegible] time all concerned parties were concerned that the [illegible]uld take as long as possibly 24 hours. Therefore and [illegible] obviously traffic rights had not been granted [redacted] I was told that now the load had to be transported [illegible]ly [illegible]HR. This confirmed my initial suspicions and it [illegible]viou[illegible] me that several things had to be changed. (Copp [illegible] hours before that the traffic rights in [redacted] [illegible]ssued and th [redacted] was inf[illegible] at a ti[illegible] my crew told me that in TLV everyone knew [illegible] they had [illegible]ready been [illegible]rned down and that the real dest wa[illegible]R)

the 707

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DO 0022

Memo [illegible] 85 UNCLASSIFIED

[illegible] I was given the contact of Mr.A.Schwimmer in TLV by Mr.Copp and the 7
[illegible] talked to Schwimmer several times on the phone.
I told him that we could not fly to THR with an American registered aircraft and that we therefore had to unload [redacted] again [redacted]. [redacted] He tried several times to convince me and even offered to paint a different registration on the aircraft and do some kind of formation flying into THR. Keeping in mind that all phone conversations to Israel might be listened to, I told him that we were a normal Airline and wanted to stay in business for some time to come and that the only way to do it was the correct [illegible] for us to do it. Therefore [redacted] the 707 was unloaded again.
In addition to that I explained to him that we needed traffic rights to overfly [redacted] which we had applied for tentatively the moment the real dest. had come out, but only for [redacted]
And also we estimated that it would take time to get those rights.
In addition I had conferred with [redacted] and was told that those traffic rights would be supported diplomatically and that we could count on them.
the captain
I was in touch with our crew all the time and verified all [illegible] them. In fact [redacted] was in Schwimmers home and we negotiated there that we needed 30 000 USD in order to go to the new destination because we had not planned on it and therefore had not enough cash with us. Also we did not trust them that everything was paid in THR. Schwimmer came up with 8000 USD after lenghty discussions because it was Sunday in the meantime and he could not get more money.

PHASE IV - Flights [illegible] performed

the 707
According to the new agreement between Schwimmer and me [redacted] had been unloaded again and departed [redacted] [redacted] on Sunday the 24 Nov.
the 707 captain [redacted] did this flight and took all extra crew back except for the second loadmaster because it had become obvious to us that the TLV/THR route could be flown by one crew due to the lenghty loading and expected unloadg proc[illegible]
In the meantime Schwimmer confirmed that [illegible] rights for overflight [redacted] had been confirmed [illegible] we could go with [redacted] as soon as it was loaded.
However, the last mome[illegible] they decided [illegible] our agreement that the aircraft shou[illegible] land [redacted] [illegible] going on to THR. This required additiona[illegible] funds by us [illegible] had to be defuelled in TLV becaus[illegible] it would ha[illegible] for landing [redacted] and had to refue[illegible] This miss[illegible] money but even after long discussions [illegible] Schwimmer [illegible] supplied another 2000 USD which gave [redacted] the c
about [illegible] together with the cash he had in his ships funds.

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Finally we gave the green light for [redacted] the captain to take off and he left TLV with [redacted] on the 24 Nov.
Since arrival it had taken him exactly 24 hours for loading and clearing all the problems.

After arrival [redacted] [redacted] The captain had new problems as the customer and especially the military in TLV had not only not given him any documents for the load but also had taken out every evidence which might have proved that the aircraft was in TLV.
Customs [redacted] therefore did not want to release the aircraft unless documents were produced and therefore the load also had to be inspected. Finally [redacted] The cap' wrote a cargo manifest himself, which was accepted although it had no stamp of the departure point and finally he could talk his way out of this situation. Finally he therefore left at [redacted] direction [redacted] as planned.
However, nothing was prepared for overflight [redacted] and he had again to talk his way through. Since they repeatedly insisted on a diplomatic clearance number, he made one up which was not accepted after long negotiations and then he filibustered one hour and 30 min his way [redacted], using different altitudes, positions and estimates that he told [redacted] with whom he was obviously in radio contact. [redacted]
However [illegible]adar real[illegible] his off- positions which gave additional re
for arguments and [illegible] delays.
At the THR border he [illegible] received without any problems but he did not have to say the [illegible]d code "I am coming for Mustafa" because Radar treat[illegible] very normally.
Finally he landed [redacted] on the 25 Nov(monday)

PHASE V - Unloading

After landing in THR the aircraft had to remain on the runway for about 10 min until a "follow me" came and directed them to the parking area which was on the military side.
Thelanding had been done on runway 29 r and the aircraft was directed to the south of this runway onto the the north/west part of the southern military apron. At this location the aircraft had parked also during our last flt to THR a few [redacted]. It is a special area which is su[illegible]d by a high fence to the outside so that people outside the [illegible] cannot see the aircraft.
the captain [redacted] was first contacted by an office[illegible] who directed the unloading later and who told him th[illegible]y [illegible]t know about this flight and were surprised that it [illegible]ome [illegible]
30 min after arrival a civilian with a [illegible] on his back arrived at the aircraft and asked [illegible] first: "What are the nationalities of the crew, what is the cargo, where do you come from ?"
Then he talked to [redacted] the captain telling him that he should not

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tell anyone including the military where the aircraft really came from. He then mentioned that they were expecting 4 more flights from TLV. He would like to see the same crew then due to security. When [redacted] the Captain was asking for money or arrangements of fuel, parking etc. he told him not to worry and that everything would be taken care of.

2 Supervisor then started to direct the unloading, one military and one civilian with submachine gun.

The crew was sent to the officers Headquarters where they were told again by the civilian to keep their mouth shut about this and not talk to anyone about their mission.

Capt [redacted] then told him that our crew did not want to pass through passport and customs control because during the last flight it had taken several hours and they wanted to avoid that this time as they expected aquick unloading and then had to leave again.

Therefore the civilian took them in a car through back roads off the airport and was not checked or stopped at the gate although even military had to present their id - cards at that gate.

The trip to the Hotel took one hour and finally they arrived at the former Sheraton Hotel.(Different name now, could not remember)

All rooms were occupied and therefore they had to take a suite together. After be[illegible] the hotel for about 2 hours to the surprise of the cre[illegible]y got a phone call that the aircraft was unloaded and that [illegible]ould be picked up in a few minutes. This was 6 hours a[illegible]he aircraft had landed. [redacted] the captain had remained at the ai[illegible] for some time to see that the unloading really took place [illegible]at it was done correctly. Then the time in the office[illegible]s and the trip to the Hotel had taken some time.)

However, after this alert it took 2 hours until the car finally arrived. In the meantime the civilian had apologized several times and the crew was offered coffee and cakes.

After arrival at the airport through the "backdoor" [redacted] the capta required a permit number for overflight [redacted] in order to avoid the problem he had coming in. He refused to leave without. Therefore he and the civilian went to the Tower from where they tried to [redacted] obtain this number. After about 2 hours of trying [redacted] told them that the [illegible]ht was ok but they could not get a number. Also [redacted] the C told that the Air Defense of Iran was informed and that [illegible] leave now which he finally accepted.

When the crew was taken over to the airc[illegible]alized that the aircraft had been towed to the civi[illegible]the meantime and that it was being fuelled by civi[illegible]perso[illegible]. When [redacted] the captain asked for full tanks (or[illegible]in because after all those problems which I was [illegible] [redacted] the c had called [redacted] via Telefone from the Hotel, I wan[illegible]e possibilit to take the aircraft directly back [redacted] if necessary) the civilian who had received him was very disappointed because he realized that so much fuel was not needed to go back to TLV. However [redacted] told him that he needed the extra for security.

the captain

3 3c 2/43

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page 6 of MEMO 301185 UNCLASSIFIED

PHASE VI - Return flight

The aircraft took of at [redacted] on the 25 Nov, after 14:35 hours on the ground in THR.
The aircraft was directed by radar off the airways a little more to [illegible] north than normally, close to the Russian border.
Also [redacted] was given a special exit time which he had to meet [illegible] to comply with the Iranian Air Defense.
Approaching Tabriz the aircraft was ordered down from FL 350 to FL 280, shortly before reaching [redacted] border again up to FL 350. (reason unknown).
No transponder was used in the Iranian airspace. Captain
After arrival [redacted] was told by radar that th time he was accepted but ~~that~~ in future for further flights, the ok of the civilair was not enough but that he had to get also the ok of the Ministry of foreign affairs and that otherwise the aircraft would be turned back.
the Captain
Based on all this information, I ordered [redacted] via radio to proceed directly [redacted] which we had planned initially.
The aircraft arrived [redacted] 26 Nov.

[redacted]

GENERAL CONCLUSIONS

The mission was poorly planned and directed by our contract partners in a amateurish way.

1. [redacted] for about a week with [redacted] from [redacted] to THR.

2. Copp was sitting in [redacted] although [redacted] was [illegible] not flown to and he as our contract partner could not [illegible] what was going on in TLV.

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3. In TLV the aircraft was on the milita[illegible] loaded by high ranking military personnel who we[illegible]omed to this type of work. (The lowest ranking [illegible] Lieutenant) In addition they did not work much a[illegible] many coffe brakes.

26220

4. A certain Mr.A.Schwimmer which was introduced to me by Copp as the representative in TLV of Copp, was very pushy with the military, sometimes to a point where he was insulting, but he did not understand the special aviation problems and did not have things under control. I.E. He sriously proposed to the Captain [redacted] to change the registration of the

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20 April 2

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the captain

[redacted] aircraft and to forge the respective papers " in 2 hours". This was turned down by [redacted] and also by myself when Schwimmer mentioned it on the phone due to the before mentioned reasons.

Also the cash money which Copp had promised was not available and Schwimmer apparently did not know about this requirement.

5. The routing changes, destination changes, involved traffic rights were done too late and the crew grew more and more insecure as they are not used to this type of makeshift Airline direction and control.

6. The mission was still performed successfully because of the initiative the crew had displayed and because they are used also under adverse circumstances to complete the mission before problems will be discussed. However, this is not the way it can be done repeatedly because the good will will be worn out.

PROPOSAL

As Aviation is a ve[illegible]plex business which requires a lot of experience from all [illegible]rned and also because the feed back information is so v[illegible] for the operation, the directly involved employees have to b[illegible] of the decision making and planning as early as during the contracting stage.
Had it not been a special flight, I would have delayed for about 2 days after I had learned about the change of Destination in order to have enough time for correct planning and the aquisition of the necessary traffic rights.
The little radar controlle does not know political decisions and will not even be informed by his superiors. We experienced that time and again. Therefore all those things have to be presented in a normal way so that the controller simply has a dip[illegible] clearance number like he has for every other aircraf[illegible] this flight will look totally normal for him.
In other words: Those flights can be perf[illegible]ut any problem by only with the proper planning.
In order to have proper planning, the m[illegible] of [illegible]irline, who happens to be myself, should be heard b[illegible] con[illegible]ng or making commitments to third parties an[illegible] of the planning process.

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DATE 20 Apr 87

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2621

CIIN 2533 HSCA SSC

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I therefore suggest that during the preparation process I should [illegible] invited to the meeting of the departments which are involved in [illegible] decision making.

[redacted]

I [illegible] that there is the aspect of security and that the [illegible]s have to be done in a clandestine way. However, it cannot [illegible] worse than it was during this last mission and it could have been performed totally clandestine, had the above proposed meeting taken place in advance.
In aaddition to that, my presence during those [redacted] could provide the concerned officers who represent the different departments with useful feedback information so that for future planning some things can be ruled out right away without even going into detail whereas others can be accepted right away without checking details.

In addition to that [illegible] single missions or tasks to be performed should be part of a [illegible]strategy which I am sure exists, but which I am not aware of in [illegible]il. Knowing the all-over strategy it would be easier to [illegible] certain missions and it would even be easier to plan the [illegible] budget which defines whether new airplanes have to be [illegible]hased/leased or others have to be sold.

In short: I would a[illegible]ate if I could be given more responsibility by being more part [illegible] team as far as the planning of the avaition aspects ar[illegible]erned. I think it is a waste of experience and information whe[illegible]s not made part of the planning process. I also like to make sure that I am not on a "ego trip", but that I have the success of our company in mind which last not least is also the success of this country.

[redacted]

2/43

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DO 26218

20 Apr 82

C11N 2533

HRC+SSC

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by B. Reger, National Security Council

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Date 20 Feb 87 HSCX 55C

1600 [redacted]

Deposition Ex. 8

[redacted] requested [illegible]

[illegible] pieces 9800 lbs [illegible] 18 x 2½ [illegible] would pickup & Destination was Tel Aviv to [redacted] [illegible] or so coordinating was determined that [illegible] consulted [illegible] one was on the ground [redacted] scheduled for [illegible] [redacted] The second [illegible] was delivering cargo To [redacted] and then to [redacted] [redacted] D contacted [redacted] and had the aircraft [illegible] stay [redacted] Later developed that the A/C had landed, loaded and departed for [redacted] leaving only one A/C avail for the flight immediately.

7/1 2000 The final approval was given and I was advised That Richard Copp would be contacting [redacted] about 2000 This did happen and by then knew the second aircraft was not avail. Customer agreed to 60K plus all expenses and was to arrange fuel and clearances at both ends for Estimated flight. Copp had no problem with using only one aircraft. The first departure from [redacted] was scheduled [illegible] GMT

2200 Everything was [redacted] and again no news good news.

DO 26199 3 3C 2/43

4218

AD

1000 [illegible] 2301 [redacted] called. no problems to them. I informed them of [illegible] before [illegible] the [illegible]

CIIN 2537

22 NOV 85 11/22/18

[redacted] Charles

DEPOSITION EXHIBIT
[redacted] 3
6/11/87 [illegible]

UNCLASSIFIED

4218

1600 Hrs 22 Nov 85
AIR BRANCH (AB)
[redacted] Called Requesting availability of Boeing 707s [illegible] move Sensitive Hi priority cargo 240,000 lbs [illegible] pieces 3360 lbs ea measuring 18' L x 2½' W x 3½' T. Needed pickup & Destination was Tel Aviv to [redacted] [illegible] of so coordination, was determined that [illegible] could be made available one was on the ground [redacted] Scheduled for Sat [illegible] [redacted] The Second one was delivering cargo to [redacted] and then to [redacted] [redacted] contacted [redacted] and had the aircraft & crews put on standby. It later developed that the [redacted] a/c had landed, loaded and departed for [redacted] leaving only one a/c avail [illegible] the flight immediately.

1900 Hrs Final approval was given and I was advised that Richard Copp would be contacting [redacted] about 2000. This did happen and by then knew the Second aircraft was not avail. Customer agreed to 60K plus all expenses and was to arrange fuel and clearances at Both Ends for Estimated 3 loads. Copp had no problem with using only one aircraft. The first departure from [redacted] was Scheduled [illegible] 0600 GMT.

2200 Everything was [redacted] and again no news good news.

DO 26199 3 3C 2/43

4218

1000 Hrs 23 Nov AB [redacted] Called no problems to Them. I informed them of [illegible] [illegible] [illegible] the [illegible] [illegible]

C I N 2637

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Date 20 [illegible]
HSCSSC

UNCLASSIFI[redacted] C 6536

10 Mar .. Later [redacted] Called to inform me that the 1st aircraft was later landing [redacted] .. He had diverted. The second at the request of the Customer. The [illegible] had also requested any further move the cargo to Tehran. [redacted] indicated the was the same Word he had earlier reported to us [redacted]. If we conclude to do this he indicated he needed to go to [redacted] to recover and take money. I passed this on to [redacted] AD and he to [redacted] C/AB and [Dewey] C/EUR. He called back that they'd been considering it [illegible] did not want [redacted] to get out of touch with the Customer long enough to make the move..

[redacted] to destination [redacted]? why

[redacted] Checkmate & Freedom — [redacted]

[redacted]
1700 arrived
2000 Change loadings, [redacted] Reserve

3A 32 2/43

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DO 26198

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Date 20 Apr 87
13C0556

C1IN 2537

235-1750 ext **UNCLASSIFIED** [redacted]

[redacted]

1900 22 Nov [illegible] Watched CBS report [redacted]

2000 [illegible] Called [redacted] he had seen and was standing by for instructions.

DCAB

2015 Called [redacted] he had seen and notified
CIOD

2200 [redacted] called to inform me that the [illegible] was moving [redacted] staging in place.

employee

1030 23rd [redacted] called with some [illegible] quest. should [redacted] sign be taken down

Routing - Entry Exit Point [illegible] & Time

ETD [redacted]

expect

Note: No direct routing avail - indirect at planned Route dangerous - comment.

No

8 mi min

M
~~ALT~~ :18 min After T.O.

ARR/
ALRAM 1:24 after mut
1:42

Tehran :46

T.O

(:15) 12 - TABRIZ NW corner

1400 [redacted]

ETD 1600 [redacted]

T.O

14[illegible]

3 [illegible] BC 2/

North Then Sou

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Date 20 [illegible]

In [illegible] To [redacted]

A/C Ready - No money

0550

- No Traffic Reg-

- No Switchman -

CIIN 2537

C 6538

guy at local site says

1135 – [redacted] hours 8000. Cargo in ?

1150 [illegible] aircraft. based on people at site assure [illegible] boats

[redacted] ETA / via. Bonus for Employees

have [illegible] . Land @ [redacted] 6K

14 hrs to unload. → Two groups in the Div.

don't come back direct [redacted] → 2+ hrs. to load

1 aircraft. Very Rich guy →

130 + 1:30 + 1:30

+40 + 1:3

20:00 :40

20:40

1:30

22:10

0010

Ark

D

[redacted] 2000 Z Dep

2040 Z

2210 Z

0010 Z 24 hr

1410 Z 24 hr

2100

On ground [redacted] No Cargo Doc

Mr. North.

Just off.

2½ hrs after Landing [redacted] Ark 2

19:00 [redacted] Tomorrow Evening

00:00

3 32 2/43

[redacted]

20. 1

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20 Aug 82

CIIN 2537

UNCLASSIFIED
SECRET

2 5 NOV 85 74

[redacted]

C/EUR
ACTION

Deposition Ex.
#9

85 91[redacted] ASZ
PAGE 001
TOR: 25[redacted]NOV 85
IN 9110344
[redacted]

S E C [redacted]T 25[redacted]NOV 85 STAFF

CITE [redacted]

TO: FL[redacted]

[redacted]

Partially Declassified/Released on 23 June 1988
under provisions of E.O. 12356
by S. Reger, National Security Council

SUBJECT: NSC REQUEST

REF: [redacted]

1. ACTION REQUESTED: FLASH RESPONSE SOONEST TO REF AND
FOLLOWING.

2. [redacted]MET WITH AMB[redacted]AT [redacted]OURS. AMBASSADOR WAS
ALSO CONVOKED. [redacted]QUITE UPSET [redacted]ULTIPLE FLIGHT PLANS
RECEIVED, FACT FIRST FLIGHT CAME DIRE[redacted]FROM [redacted]AND DID
NOT REQUEST CLEARANCE BEFOREHAND AND [redacted]CTING STORIES ABOUT
PLANE'S CARGO. [redacted]TOLD [redacted]IT [redacted] INDUSTRY SPARE PARTS,
TELEX FROM CARRIER STATED MEDICAL SUP[redacted]AND THE PILOT TOLD
GROUND CONTROLLERS HE WAS CARRYING MI[redacted] EQUIPMENT.

3. [redacted]CARRIED THE CAN ON THIS SO[redacted]T TO INVOLVE AMBASSADOR
AND DEPARTMENT (DEMARCHE WILL NOT BE[redacted]TED OTHER THAN IN THIS
CHANNEL).

4. BOTTOM LINE IS THAT[redacted]S[redacted]ILL[redacted] TO ASSIST BUT HAS
DEVELOPED A LITTLE CYNICISM ABOUT OUR INTERACTION WITH THEM ON THE
MATTER. [redacted]AGREED THAT FURTHER FLIGHTS COULD PROCEED
SUBSEQUENT TO[redacted]ALSO INSISTS THAT
PLANES FOLLOW NORMAL PROCEDURES, I.E. REQUEST OVERFLIGHT CLEARANCE,
AND THAT THEY DO NOT SHUTTLE FR[redacted] AS NOTED[redacted]
PLANES MUST NOT COME DIRECTLY FROM[redacted] THEY SHOULD TURN WEST
AND PICK UP OTHER ROUTING. EVEN BETTER, WOULD BE NOT TO UTILIZE
[redacted]AT ALL. [redacted]

5. ANOTHER MATTER REQUIRING CLARIFICATION IS THE QUESTION OF
AIRCRAFT. [redacted]HAS IMPRESSION FROM PAPERS FILED BY CARRIER THA
SAME PLANE TO BE UTILIZED AND SHUTTLE FROM[redacted] THAT IS
[redacted]IMPRESSION FROM EARLIER TRAFFIC. PLS CLARIFY.

1305

6. THE SITUATION NOTED PARA [illegible] REF, I.E. SECOND FLIGHT
THIS MORNING DID NOT EVENTUATE. WE NEED, HOWEVER, TO TRY
EXPLAIN AWAY THE MULTIPLE FILED FLIGHT PLANS., IS IT PROBA AT
THEY REPRESENT PLANNING PRIOR TO THE RESTRICTIONS PLACED
FLIGHTS BY[redacted] IF SO, WAS THERE A BREAKDOWN IN COMMUNIC
CHARTER CARRIER DID NOT GET THE MESSAGE? THIS IS A POSS
EXPLANATION[redacted]PRESENTED TO[redacted]

A

7C

7. IN ANY EVENT, WE ARE GOING TO HAVE TO TRY AND SA THE
[redacted] POINTS OUT THAT ATTEMPTS TO CIRCUMVENT THE GROUND RULES
(EITHER CONSCIOUSLY OR THROUGH POOR COORDINATION) RUNS RISK OF A
LEAK AND BAD PUBLICITY, HARMFUL MORE TO U.S. THAN[redacted]

C1IN 2180/

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Date 20 APR 1987

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SECRET
DO

24 NOV 85

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[redacted]

Captain's Ref. ____________

STATEMENT OF FLIGHT RECEIPTS & EXPENDITURE

[redacted]

AIRCRAFT JLF TO TVL – THR [redacted] ____ SERVICE No. ____

CAPTAIN ____ ON DUTY AT BASE (DATE) 29. 11. 85 TIME ____

F/O ____ OFF DUTY AT BASE (DATE) 26. 11. 85 TIME ____

E/O ____ L/M [redacted] SUPY

	£	p	$	c
Balance held from previous submission			1.964	90
Replacement funds drawn at TVL Date 24. 11. 85			8000	00
TOTAL RECEIPTS A			9.964	90

[redacted]

EXPENSE: DETAILS	Exch Rate	£	p	$	c
① HOTEL TVL				510	86
② RESTAURANT.				24	38
③				6	10
④ HANDLING [redacted]				450	00
⑤ GROUND EQUIPMENT				150	00
⑥ FUEL [redacted]				4655	00

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by K. Johnson, National Security Council

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DEPOSITION EXHIBIT
[redacted] 10
6/11/87 Noel

3 3C 43

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TOTAL EXPENSES 20 Apr 87	B			5796	34
FUNDS RETURNED HSC/SSC	C				

27 NOV 85

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ATTACHMENT FOR **

ACCOUNT NO. [redacted]

[redacted]

ChASE [redacted]

-AYMEN [redacted]

CREDIT ADV

PAYMENT AMOUNT	USD	(a-4)	127.000,00
COMMISSION	USD		190,50
TOTAL	USD		126.809,50

. CREDIT YOUR ACCOUNT [redacted]
ALUE 29.NOV.85 WITH USD 126.8 50

[redacted]

DATE: 27.NOV.85

------- ORDERING CUSTOMER -----
CREDIT SUISSE SUCCURSALE DES
EAUX-VIVES
GENEVE

------ DETAILS OF PAYMENT -----
B/O LAKE RESOURCES

---------- BENEFICIARY --------

------- ACCOUNT WITH BANK -----

-------- RECEIVING BANK -------

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THIS ADVIC [redacted] NOT BE SIGNED

DEPOSITION
EXHIBIT
[redacted] "
6/11/87

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3 /43

26

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Date 20 Apr 87

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C11N 2562

UNCLASSIFIED

[redacted]

29 NOV 85

PAID TO	
RECEIVED FROM	B/O LAKE RESOURCES
DATE	29. NOV. 85
PURPOSE	THE FLIGHT 23-25 Nov. 85

ACCOUNTS DEBITED	ACCOUNT NUMBER	DEBIT	CREDIT
Chase Bank $.	[redacted]	126.809,50 ✓	
Bank Charges	[redacted]	190,50 ✓	
Charter Revenue Freight 707	[redacted]		127.000,-

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2/43

DEPOSITION
EXHIBIT
[redacted] 12
6/11/87 NRd

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REVIEWED FOR RELEASE
Date 20 Apr 87
HSC/SSC

CHECK #	AMOUNT	PREPARED BY	Date	VOUCHER
C11N 2561				

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DEPOSITION
EXHIBIT
[redacted] 13
6/11/87 [illegible]

30 NOV 85
30 Nov 85

MEMORANDUM 3/1185

Re.:TLV/THR flt Display of company

In the initial contact with Copp and also later in discussions with Schwimmer, I stressed the financial points and gave them the impression that I was mainly interested in the money.

After the first flight when I had gone [redacted] and Schwimmer called me on Tuesday in my office [redacted] I told him that the money had not arrived yet as promised and that before we discuss it further, we needed our money.
He then said that he was not our contract partner, but Copp.
When Copp called again from [redacted] I told him that he should come [redacted] to meet with me and to discuss his payment. He was very amazed that the money had not come in yet and that he could not come becau[illegible] had to go back [redacted] to"save 225 000USD"
He then promised to [illegible] sure the money would be transferred as soon as possible.
Alltogether they must [illegible] had the impression that they were dealing with a merce[illegible] airline and that we were just doing a job to make money.

The same impression [illegible] made in TLV in discussion with Schwimmer by Capt. [redacted] b[illegible] the main points were how to get enough cash money an[illegible] to handle things the commercial way. I.E. [redacted] to[illegible] Schwimmer that he would only fly after final ok by myself which would come after I had agreed with Schwimmer about the money and the cash which he had to get.

the captain

In [redacted] we had the excuses of having a urgent relief flight/landing gear problems and after the airplanes returned from the trips everything went back to normal and no questions were asked.
The crews did not talk to anyone about any company matters in TLV or THR and all concerned should have [illegible] impression that a business was conducted in a professio[illegible]

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[redacted]

2/43

DO 26226

20 APR 85

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NOV 85

[redacted]

07 · 23-25 Nov 85 · · Tel Aviv [illegible]

B 707 · 23-24 [illegible] [redacted] TLV [illegible] 9.6

[illegible]

[redacted]

DEPOSITION EXHIBIT
[redacted] 14
6/11/87

3 3C 2/4

5582

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by K. Johnson, National Security Council

[redacted]

[redacted]

CIIN 2549 UNCLASSIFIED

30 NOV 86

UNCLASSIFIED

Special Flights
Jan. Nov 86

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er provisions of E.O. 12356
Johnson, National Security Council

5583

W/ Ref. Description Date

[redacted]

Delivery Equipt To Tehran OK

Personnel To Tel Aviv [illegible] OK

[redacted]

3 [3c 2/43

DO [illegible] 26030

(2-2/2) [redacted]

Deposition Ex. #15

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21 NOV 86

Exhibit 16

PAGE DO 26178

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TOTAL

5584

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30NOV86

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DEPOSITION EXHIBIT
[redacted] 17
6-11-87

Summary of Review

30 November 1986

1. Th[illegible]ditor/ CONSULTANTS [redacted] and finance officer [redacted] [redacted] [illegible]ived [illegible] Tuesday night_(2 Dec. 1986) with [illegible] manager [redacted]. [redacted] Manager was intervi[illegible] Wednes[illegible] morning (3 Dec. 1986) and discussed with [illegible]e special flights [redacted] the validity of the [illegible] and summaries, revenue sources, and the workings o[redacted].

2. The flight logs (Vol. II) for [redacted] and the [redacted] 7s were examined [redacted] for sequential dates, mpleteness and for unusual destinations. Monthly flight mmaries [redacted] are complied from detailed flight logs hich are posted by the flight engineer and approved by the MANAGEMENT CONSULTANTS (MC) captain. [redacted] had only [redacted] flight logs, and most of the 707s summaries. The flight logs [illegible] sent in from [redacted]s will the missing monthly [illegible]maries (9,11/86). [redacted] will forward the detailed flight [illegible] for the special flights [redacted]) and the two missing [illegible]ght summaries to [redacted] on Monday (8 Dec. 1986) [illegible] we can pick it up en. the accounting office

3. The review of the flight record[illegible] indicate accurate porting and we found no except[illegible] that were not solved/explained by [redacted] MC. The [illegible]sibility of not recording certain flights is unlike[illegible]ecause air crew premium compensation (overtime, bonuse[illegible] is based on these flight records. A large number of persons would have to be in collusion to pull it off in any event.

4. A review of the revenue [redacted] and cash [redacted] accounts was also made to collaborate the flight records. We found no exceptions. Airline records were examined to determine the major sources of cash. Most large deposits were from [redacted] and the rest could be trace[illegible] to specific clients who are known air cargo or broker typ[illegible] companies with the possible exception of Lake Resources [illegible]).

5. In attempt to MC identify the type of cargo b[illegible] hauled, we were told by [redacted] that cargo manifests ar[illegible] retained by [redacted] nor is this procedure commonly do[illegible] other commercial cargo haulers. Apparently the proced[illegible]

3 3C 2/43

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Date 20Apr87
HSC/SSC

C11N 2532

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there are disputes. If evidence is found to prove that the cargo carrier is responsible, insurance will cover the losses.

6. Note that there were two flights into Teheran. One flight in August 1985 which was strictly a commercial t saction - ha [redacted] owder/detonators [redacted] and one in November 1 [redacted] arried the "drilling equipment" which later t [redacted] ut to [redacted] unitions. [redacted]

COMPANY MANAGER:

Misc. Notes [redacted]

All revenues [redacted] ished cargo brokers and airline companies with [redacted] n of those special flights listed in [redacted]

is not unusual for cargo haulers to carry munitions -
go is cargo and the money is good. The gunpowder flight
coordinated with the home office only because of the end
tination and not because of the type of cargo.

brokers frequently blanket telex cargo haulers asking for bids. [redacted]

[redacted] has only been interviewed by [redacted] is quite sensitive about compromising [redacted]

ding normally goes into the [redacted] akes in
ni receives the special flights [redacted] ecords the local
commercial revenue and [redacted] ecords the local
dle jumper revenues.

[redacted]

)

[redacted]

3 3c 2/431

[redacted]

26278

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C 11N 2532

20 ~~4~~ 87

UNCLASSIFIED

No Date

Reimbursement

[redacted]

A review of records [redacted] found that the following [redacted] has not received its payments by [redacted]

$ 127,000. [redacted]

?
Lake Res...
?

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by K. Johnson, National Security Council

5586

DEPOSITION EXHIBIT
[illegible] 18
[illegible] 81 bmd

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2/43

RE[illegible]IEWED FOR [illegible]
Date 20 Apr 87
KB CHSSC

DO [illegible] 6320

C1IN 2546

Teter

TOP SECRET
UNCLASSIFIED

HSITS-108

PROPRIETARY PILOT

DEPOSITION OF [redacted]

Thursday, June 25, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with
Iran,
Washington, D.C.

The Select Committee met, pursuant to call, at 1:07 p.m., in Room B-352, Rayburn House Office Building, with Pat Carome (House Staff Counsel) presiding.

On behalf of the House Select Committee: Pat Carome and Bruce Fein.

On behalf of the Senate Select Committee: Tim Woodcock.

On behalf of the Witness: David Pearline, Attorney.

Partially Declassified/Released on 21DEC87
under provisions of E.O. 12356
by [redacted], National Security Council
K. JOHNSON

4053
3B-83

UNCLASSIFIED
TOP SECRET

Whereupon, [redacted]

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q Could you please state your name for the record.

A [redacted]

Q How do you spell your name?

A First name [redacted] Do I have to spell [redacted]

Q No. How do you spell your second name?

A Second name is [redacted]

Q Just for the record, [redacted] my name is Patrick Carome. I am a lawyer with the House Select Committee to Investigate Covert Arms Transactions with Iran. This is a committee of the United States House of Representatives, Congress, which has been set up to look into United States arms transactions with the country of Iran, deliveries of arms, and also matters relating to diversion of funds to the Nicaraguan contras.

Our committee has been set up, pursuant to a resolution and rules, and just for the record, I've given you copies of each of those today.

I'm going to be asking you a number of questions relating to -- primarily to a shipment of cargo into Iran back in November 1985.

As I said before we went on the record, this is a deposition. You're testifying under oath; I'm going to be asking you a series of questions. If you don't understand something that I'm asking you, please tell me that, let me know. I understand that English is not your first language and I want you to be able to understand the question so you can understand and give me an answer.

If we could begin -- if you could state, please, your current address and where you live.

A I live [redacted]

Q [redacted] And that's [redacted] right?

A [redacted] Do you need the suite and everything?

Q Yes, please.

A [redacted]

Q Could you spell that for the Reporter or perhaps he can get that off the record.

MR. CAROME: Why don't we go off the record for a second.

THE WITNESS: Yeah, maybe I can give it written because I have to see it written.

(Discussion off the record.)

MR. CAROME: We're back on the record.

BY MR. CAROME:

Q Of what country are you a citizen?

A [redacted]

Q And how old are you?

A [redacted]

Q And could you please state how you are employed.

A I am Captain [redacted] How I was employed.

Q No, you are currently a captain, a pilot for [redacted] is that right?

A Yes.

[redacted]

Pages 5 through 10

DENIED IN

TOTAL

[redacted]

Q Now I'd like to turn your attention to specific flight activity of [redacted]

In 1985, the entire year 1985, how many times did a [redacted] plane fly into Iran?

A Twice, I did it myself. I was flying.

Q You were the pilot of both flights; is that right?

A Yes.

Q And when you say you're the pilot, you are the person in charge of the plane; is that right?

A Yes.

Q And what is the normal crew on a 707?

A The normal crew is one captain, one co-pilot, a flight engineer and a loadmaster, and also a mechanic. We used to carry a mechanic, not all the time, but because when we flew [redacted], they had mechanics based at the stations, but when we went to different stations, then we took a mechanic along.

Q You mentioned flying for [redacted] Could you briefly describe what that was.

A Yes. Ninety-five -- or maybe even more than 95 percent, we flew [redacted]

We had a contract with them and we flew [redacted] -- I think twice, sometimes three times a week [redacted]

Q And what kind of cargo were you moving?

A All kinds of cargo. There was general cargo. Everything, you know.

[redacted]

Q Returning to the flights into Iran, if we could talk first about the flight that happened first in time, can you tell me when that was?

A I tell you, because I was flying every day, more or less every day, I was the one who flew more than the others, and I can't remember the date, but I got it from the newspaper, when I flew there, but because this is already some time back, but the first one was, as I learned, in August of '85. You probably know --

Q I understand [redacted] did make a flight into Iran --

A Yes.

Q -- in August of '85.

A Yes.

Q Can you tell me, first of all, who was on that flight?

A Well, it was up to me to select people when we had some [redacted] flights, and it was myself and the co-pilot --

Q Who was that?

A His name is [redacted]

Q And what is his first name?

A [redacted]

Q And he was the co-pilot?

A The co-pilot. But he is not with [redacted] anymore. He's out. And the flight engineer was [redacted] [redacted]

Q Do you know his name?

A I hope this is correct now. I don't know if it was [redacted] -- I really don't know, really, if it was [redacted] or [redacted]

Q What were the two names that you're thinking of?

A First, [redacted] name was [redacted]

Q Do you know his first name?

A [redacted]

Q And was he [redacted] employee?

A Yes.

Q And he might have been one -- he might have been the flight engineer; you're not sure, is that right?

A That's right.

Q And the other person it might have been was who?

A And the other person -- he's [redacted] his name is [redacted]

Q And what was his first name?

A [redacted] On this flight, I really can't -- I don't remember --

Q That's all right.

A The second one, I know who it was and the first one I really --

Q Who else was on that first August flight into Iran?

TOP SECRET UNCLASSIFIED

A Then we had the loadmaster -- I think it was the loadmaster. I'm not sure whether we had loadmaster on board this time. I don't know, but we had the mechanic and the mechanic's name was -- well the first name [redacted]

Q How do you spell [redacted]

A [redacted]

Q And his last name?

A [redacted] It is [redacted]

I can't remember if we had the loadmaster on board. I really don't know.

Q And where did that flight originate?

A It was from [redacted]

Q [redacted]

A [redacted] yes.

Q And what was the cargo on the flight?

A It was powder, not black powder, I think we don't have that anymore, but, you know, powder.

Q Explosive powder?

A Explosive powder, yeah.

Q And was all the cargo for that flight picked up [redacted]

A Yes.

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Q And was there any other material that was shipped on that flight, that you know of?

A Some detonators we had.

Q And could you describe how this material was packed?

A I think in boxes and I think I saw barrels, but I'm not sure because it was plastic on top, you know. I saw them offload the stuff, but it wasn't very much, really, only 17 tons, about 35,000 pounds. It was nothing, really. Not very much.

When I flew this, I got the cargo manifest and it was mentioned, you know.

Q And that's how you knew what the cargo was?

A Yes, not by seeing it. Not by seeing it. On some pallets, you know, and then there's plastic on top. Not very much you can see.

Q And do you know where that material had come from?

A As far as I remember [redacted]

Q And --

A At least a part, not everything, not the whole shipment, but I think some [redacted] mentioned.

Q Was this material taken off of trucks?

A Yes, trucks.

Q And do you know where the trucks had come from?

A They were not [redacted] I think they were from

[redacted]

Q The trucks?

A I'm not sure now. I really have forgotten or I didn't look because I had more to do, really.

Q Did that flight go directly [redacted] to Iran, or was there a stopping point?

A No, we landed [redacted]

Q And what did you do [redacted]?

A For fueling because [redacted] is too far, you know, we couldn't take the amount of fuel we needed, so we had to land for refueling.

Q Did you pick up anything else [redacted]?

A No.

Q And then you flew on to Iran; is that right?

A (Witness nodding in affirmative.)

Q You have to say yes for the record.

A Oh, I'm sorry. Yes. [redacted] direct to Iran, Tehran.

Q Was that the only time that you've ever flown a plane to Iran, other than -- was that the first time you'd ever flown --

A That was the first time, never been there before.

Q And when you arrived in Tehran, that occasion, who did you deal with in Tehran?

A Well, we were a little bit late, already, and they expected us, and they guided us to a quiet place opposite from the arrival hall, or whatever you call it, from the airport, and they started right away off-loading and there was one guy -- I think he was the leader -- but they look all the same, you know.

Q Were these military people?

A No, no military people.

Q They were civilians?

A Civilians, yeah.

Q Dressed as civilians. As far as you could tell, they were civilians?

A Yes, yes, yes.

And one was the boss of them, I think, and he said "Why didn't you bring more?" I said, "I don't know. I'm only the pilot." Well, he said, "We expected more."

When they started off-loading, I said, "Be careful with them," because they were just throwing it out, "Be careful," and the guy said, "It is our problem."

We went in the hotel, then, and we left, I think, one or two days later because we had technical problems there.

Q Did --

A I think it was the first time.

Q Did the loading [redacted] take place in what's known as a "hot cargo" area?

A Yes.

Q What is a "hot cargo" area?

A Well, they don't have -- we don't have -- they have not such places in civil airports. They only have them in military airports, but I think a "hot spot" is away from the buildings.

Q And why are there "hot cargo" areas? What is their purpose?

A No, it is not in civil airports; we don't have these on civil airports, only on military airports.

Q And what is the purpose of having a "hot cargo" area at a military airport?

A If you have to load sensitive explosive stuff.

Q That's so that if there is an explosion or an accident of some sort, it won't hurt other people or property; is that right?

A Yes.

Q And [redacted], was there a "hot cargo" area?

A I tell you, they don't have like hot spots there from the Air Force, but it was -- the cargo area is always away from the civilian side; it is separated because they are driving big high-loaders and all this, and it was not really a hot spot. It was away from the civilian -- from the passenger side.

And the airport is small, really small. It was still close to this sort of thing.

Q All right. If we could turn our attention now to the next occasion --

A Yes.

Q -- on which [redacted] flew a plane to Iran in 1985, I want to go through this in more detail than we did on the first flight.

A Yes.

Q Could you just start with the beginning of the story when you first found out that there might be a need to go to Iran and tell us what happened?

A Yes.

At that time -- I have to start a little bit earlier -- we had flights for -- I don't know exactly what we did -- [redacted] Maybe it was also for an [redacted] -- well, we had such others. We had a couple of flights going [redacted] I recall, and I flew on that date -- I left [redacted] in the morning --

Q What date -- what time are you talking about now?

A It must be the 24th or 27th. You say it was the 25th when we went there. I cannot tell you the date. If you can --

Q Can you remember the day of the week? I gather that --

A Not really.

Q The 22nd was a Friday. The 23rd was a Saturday. The 24th was a Sunday.

A When did I land in Tel Aviv?

Q I believe --

A I don't know, really. Can you show me the log book and -- it should be in the log book.

The day before I went to Tel Aviv.

Q It would have been Saturday, the 23rd, I believe, is when you would have landed in Tel Aviv, according to the records that we've looked at.

A Okay, then it must have been the day before.

Q Friday.

A Must be Friday, but -- I am not sure now, but according to this -- it was the day before I left -- I went to Tel Aviv. I had a flight [redacted]

Q Where were you at the time on Friday?

A Where? In the airplane.

Q And where was the airplane?

I see, you were flying [redacted]?

A Yes.

Q All right, I'm sorry.

A And it's a seven-, eight-hour flight. I think it was over eight hours flying time, you know, and -- well, we landed -- no, didn't go [redacted]; we landed in [redacted]

Q And where is that?

A The same country.

Q [redacted]

A Yeah. And we had furniture for a hotel on board, good furniture, and from there, [redacted] we had to fly [redacted] and it was still the schedule. They did it, I think, maybe twice a week, the schedule.

Then [redacted] we were supposed to go back [redacted] Sc[redacted] I received a call via HF [redacted]

When I was on the ground, I received a call over HF, HF radio, and --

Q Who was calling?

A I think it was [redacted] our office [redacted] But I can't remember to whom I talked. I don't
PROPRIETARY MANAGER -M
know. Was it [redacted] or was it somebody else? I really don't know. I can't remember anymore.

Q All right.

A And they told me to change schedule -- not schedule, to change route and to proceed [redacted] to, I think -- I don't know -- [redacted] I think they said proceed [redacted] that call from the air when you're airborne.

Q Just so it's clear, which [redacted] 707 were you flying at the time?

A It was the one which belonged to [redacted] the one with the registration [redacted]

Q And what was that plane's registration number?

A [redacted] The other one was registered [redacted] And the other one was flying somewhere else; I think [redacted]. Yeah, they told me to proceed on [redacted]

Q Did they tell you what it was you were to do?

A No, I didn't ask, really, because they wouldn't have told me, because everyone can listen to the HF, you know, it's like general radio, and they -- but they just said, "Call us again from the air, when you're in the air."

Later on, I called and --

Q Do you know about what time of day this was?

A Yes. I think it was in the afternoon, about what time are you using? European time or --

Q Say we used Greenwich time or Zulu time.

A I would say about 1500 in the afternoon. Then I called again from the air -- I'm airborne now, and they told me that I have to go to Tel Aviv. And then I asked, "Do we have traffic rights," because it's difficult area and they said, "Yes, everything's arranged; you have traffic rights. You can land there."

I think they even passed me a number, a permit number, but I don't know, really. At least they didn't ask when we arrived -- normally when you are on approach, they ask, "Do you have permit to land or permission to land or permit number?" I can't remember really, but I think they didn't ask; they just let us land there.

It was dark -- when I landed, it was dark already. From there, I think I have to fly about 5 hours, 5-1/2 hours to Tel Aviv.

Q And do you know about what time it would have been, say, let's say local time, Tel Aviv, when you arrived?

A There it was dark. It was probably 9 or 10 local time there.

Q P.m.

A P.m.

Q And what airport did you land at?

A There's only one Tel Aviv, as far as I know.

Q Is that Ben Gurrion Airport?

A Yeah, right, that one.

Q And what did you do when you landed, if you could just keep telling the story.

A Well, I went and saw the other airplane, the other one we had --

Q The other [redacted] plane?

A Yes, was standing there, and we were parked next to them and --

Q Just show -- I guess at this point, who were the people who were on the plane that you were flying?

A Sir?

Q Who was on the plane that you were flying?

A I have to think -- the co-pilot -- we changed co-pilots. Yes. There was myself. The co-pilot was [redacted] He was the co-pilot. And the flight engineer -- I think it was a change -- yeah, the flight engineer was [redacted] I mentioned the name already earlier.

Q What is it again?

A [redacted] The flight engineer was and then we had a loadmaster --

Q And who was that?

A Name is -- well, there are many loadmasters. We don't -- didn't have only one. I don't want to tell you something which is wrong, but I'm not sure. I think it was [redacted] He is [redacted]

Q First name?

A [redacted] I think he was on my plane because there are so many loadmasters that I have seen. They may have come with the other one, the other airplane, and we -- I'm not really sure, but I think he was on this flight.

And we had a mechanic, as I learned -- I didn't know that he was on my flight and it was [redacted]

Q All these people are [redacted] employees or were at the time; is that right?

A Oh, yes.

Q And who was the pilot of the other plane that was on the ground?

A The other one was [redacted] It was [redacted]

Q And his first name was?

A I really don't know.

Q All right.

A [redacted]

Q So that when you landed in Tel Aviv, the other -- the United States-registered [redacted] plane was already on the ground --

A Already on the ground, yes.

Q -- in Tel Aviv? If you could just pick up the story there again and tell me what was going on and then what happened.

A Okay. And it was very difficult -- I think nobody -- we came there unexpected, or maybe it's always like this. It was just towers there. There was people around, but nobody came and tell us anything. The other crew came over to talk to me and I asked them what our -- what the reason is why we are here, and when he told me that if we have to fly [redacted] over to -- or we have to pick up some cargo from there, and, yeah, that's all. He didn't know very much. He just told me that we have to pick up some cargo.

Q Did he say where you were to fly?

A No. I think he didn't know. I think nobody knew, really. And yes. And I spent some time on the ground. I saw some containers on the ground.

Q Where on the airport were the planes parked?

A They have their own -- the junkies, you know, what do you call it -- you know, where they leave airplanes which are not used anymore, which they are not using any more, such airplanes. It's not the military side. Have you ever been there?

Q No, I have not.

A It's a very, very big airport and there is construction everywhere. We parked -- it was almost opposite from -- there's a runway between -- opposite the passenger terminal.

Q Was it a remote part of the airport? Distant from other parts of the airport?

A Not -- I would say maybe a mile distance away from the terminal. And it's a very narrow place, actually, very narrow to taxi -- difficult to taxi there. And I saw some old 707s standing there.

And -- well, we opened the cargo door and then somebody told me, "Okay, we're going to" -- I really don't know if they started right away or the next morning or the next day. I really can't remember that. I think that they started the next morning loading.

Q Who's "they"? Who are you talking about?

A Well, I saw a lot of people there and there were -- not wearing uniforms, but I could see that they were not loaders. You know, a loader loads different.

Q Are these Israeli people that you're speaking about?

A Only Israeli people.

Q And you said they weren't wearing uniforms. Did you understand whether or not they were military personnel?

A No, but I think not ordinary loaders. They were not ordinary loaders.

Q They were not ordinary loaders?

A No. I don't know because I never -- I didn't talk to them and when I talked to somebody, they did not answer. You know, they did not answer, really, the question, but, yeah, and I think they start loading, but they didn't know how to do it, really.

Q Whose job is it to load a plane? Is it the people on the ground or the people on your plane?

A No, it is the people on the ground because they have to handle the high-loader and the forklift, and you know, they normally know how to do it because sometimes you have offsize pieces and it is very difficult to load because the loading door is not very big and so it needs some technique to load, really.

Q And these people didn't seem to know what they were doing; is that right?

A Why at least they were slow and didn't -- and I said, "It's very slow here loading," because I was supposed to leave the same day. That was what my schedule was, to leave the same night or --

Q Who told you that?

A I think somebody there. I think somebody there.

Q One of these Israelis?

A Yes, one of the Israelis. One person who came to me and talked to me.

Q Who's that?

A I don't know. They were very concerned about this and the did not say what, really. They just said, "Okay, we'll load the airplane now and it will take two hours, about two hours." They needed, I think, at least a day, and "You and your crew better go in the hotel and wait until we finish and then we call you and that's it."

Q Was anyone left with the plane when it was being --

A We left the loadmaster there. And I think we left the mechanic there, but I can't remember it.

Q Do you remember who those people were?

A We left there?

Q Yes. Who --

Q Yeah, we left [redacted] I told you. We left him and, of course, was still the loadmaster from the other airplane.

Q And who was that?

A And it was [redacted] Let me think. We always called him [redacted]

Q And what was his first name?

A [redacted] He's a strong guy.

Q You spent that night in a hotel --

A They picked us up and they -- we went to the hotel and then I met the other crew and we were talking and -- I didn't telephone to the office [redacted] The other m guy did it. He called -- I think he spoke with [redacted]

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Q What time was that?

A I think it was about midnight, local time there, because everything was closed. The bar was closed.

Q Midnight, Friday night?

A Yes.

Q And what happened in that conversation?

A Yeah, well, I don't know really what the other person said -- I think it was [redacted] he talked to -- at least he got details, and then afterwards, he told me they have decided that [redacted] airplane is not going to fly.

Q When you say [redacted] airplane," you're referring to the United States-registered plane.

A Yes.

Q Is that right?

A Yes, that's right. And -- and --

Q What were the details that he got?

A I think there were no details. He just told me they cannot use this airplane because of the regisration. Or it was probably a decision from [redacted]. I don't know what information he had.

Q This is before any loading has taken place in the planes; is that right, that this conversation's happening?

A Yes -- well, actually, they talked -- they loaded the airplane during the night, but it was in progress, the loading, but the next day when I went there to the airport, there was nothing really. Very little. But they didn't load the [redacted] one, the [redacted] one, the U.S.-registered airplane.

Q There was never any loading of that plane?

A No. Maybe they started -- I don't know because I wasn't there at night, you know. Maybe they had started and off-loaded again. It is possible. I don't know.

Q But it was around midnight that word came that the [redacted] registered aircraft wouldn't go on the flight; is that correct?

A Yes, I think it was midnight, yes, right.

Q What were you told at that point about the nature of the cargo?

A They didn't mention anything.

Q Had you seen the cargo when you arrived?

A Yes, I had seen it. It was containers, big.

Q What were the dimensions, roughly, of the containers?

A Well, I'll show you -- this, what do you call it, about two-thirds -- [illegible]

Q The witness is referring to a large desk. If you could speak in terms of feet, I think it might be clearer.

A First, I have to say it in meters.

Q Or meters if that's -- either way.

A Seven meters long and one meter wide. It was, I think, metal. I didn't touch it and I didn't go close to it really. It was green; it was green or gray and such boxes.

Q They were metal boxes?

A Maybe it was plastic. I really don't know that.

Q Were there markings on the boxes?

A No. I haven't seen any.

Q And what did you understand to be in the boxes?

A If -- I tell you, I cannot remember, really. Maybe I looked at them and maybe I saw something, but I really can't remember what I saw because I wasn't very much interested in this. What I thought they were -- well, I don't have to think.

Q At the time, what did you think was in the boxes?

A I really didn't know. I didn't say anything. I don't like to answer this thing.

Q Well, you have to answer the question and you have to tell us the truth. What was in the boxes? What did you at that time understand was in the boxes?

A Well, that's what I thought, but nobody told me.

Q And what did you think?

A I think they were missiles.

Q And what made you think that?

A Because of the size, but I never seen anything and didn't look through -- I didn't look inside because it was not possible, and also, I had a lot of work to do there and there were people talking to me and -- the loadmaster, maybe he was closer to it, and he would probably know more, but -- that's it.

Q All right.

When did -- did you reach the conclusion that there were missiles that first night that you landed in Tel Aviv?

A No, the next day because it was really dark there and I just saw, you know, big, how you call it, a lot of cargo there, or boxes. I think they were covered with some plastic, so it was just a lot of cargo there and where the airplane was parked -- really, I couldn't see what it was.

Q How many items were stacked up there?

A Oh, a lot -- of those boxes, maybe 20, 30, 40, I can't remember, you know. And I don't know if they are supposed to go in our airplane. We wouldn't have had the room to carry all this, anyway. But they were there, standing there.

Q Let's go back to the midnight phone call. What information did the other pilot learn --

A Yes, we were in the hotel, in the lobby, and we had a couple of beers and we were talking who was going to fly because they canceled one, or the flight for one airplane, and we were talking who's going. At that time, I knew that we were going to Tel Aviv, to Tehran.

Q Did you know it was going to be Tehran right away?

A I was told that.

Q Was there ever any mention of Tabriz being the location where you're going to fly to?

A No. Tabriz?

Q Tabriz. It's another city around --

A Oh, yeah, I know it. No. It was up to us, really. Really, they mentioned this, but only because -- no, no, that was the first time. No, that's wrong. The first flight because of fuel. Maybe it was the second flight; I can't remember, but this was only because of fuel, because of the -- you know --

Q Tabriz might be a refueling place; is that right?

A A refueling place, just to refuel this thing, I think. The only reason was that. Isn't that north of Iran, Tabriz, or the south of Tehran?

Q It's northeast. I believe it would be --

A Well, maybe if we were talking about this for some reason, but I have never been told to go there. It was Tehran.

I heard of Tabriz, but no one was talking about this.

Q If you could just continue with your story of your -- what was going on.

A Okay. Well, I said to him, "Well, I'm going to fly," and we changed the co-pilot and --

Q Who was the co-pilot changed to?

A I took the other co-pilot from the other airplane.

Q And what was his name?

A [redacted] Because he is -- well, I can talk about this later, and I took him and the flight engineer was [redacted] and the mechanic was [redacted] and the loadmaster -- I am in doubt -- was it [redacted] or was it -- yeah, it must have been [redacted], yeah, Well --

Q And you made this decision --

A Yes?

Q Friday night at the hotel; is that right?

A Yeah, and the other crew -- I think they left the next day, but I don't know what time they left, but they left --

Q After dawn?

A After --

Q After dawn?

A The next day, but the date, really, I'm not so sure about. When they say it was Friday, it was then Saturday, then.

MR. CAROME: Let's go off the record for a second.

(Discussion off the record.)

MR. CAROME: Back on the record.

BY MR. CAROME:

Q You spent one night at Tel Aviv; is that right?

A Yes, from midnight -- we left the next day, which was Sunday, again, in the evening.

Q That's right.

A Yeah, we arrived in the evening and we left again in the evening. We spent one day in Tel Aviv, yes.

Q All right.

And what happened during that day in Tel Aviv?

A The next -- well, I'm not sure about the times now, really. Was it 9 o'clock or 10 o'clock or so. I called I think I called the next morning [redacted], and -- but I can't say did I call him in [redacted] or did I call hi[redacted]. I think he was [redacted] at that time. I called him at home and asked for more details, and I think he didn't have very much more, but he said to me, "Listen, you're supposed to catch -- to get some money," which was the money for the flight, you know. When we flew for somebody, we were asking for, I don't know, let's say

$1,300, depending on the deal, the customer paying the fuel or not, you know, like you rent -- when you rent a car.

He said, "You're supposed to get," I think he said $17,000. It was a paydown. You say paydown, no?

Q Downpayment.

A Downpayment. Downpayment, and -- yeah, I remember, it was Sunday. I said, "Okay," and he said, "You're supposed to get it from somebody there." He couldn't tell me a name or what, but somebody will approach you and they will pay you then.

Q Did he give you the name Al Schwimmer?

A No, I gave him the name, and that comes later on.

Q All right.

A And we talked a little bit and he said, "Don't go without money," he said, no. If they don't give you money, because it was the deal that they pay -- let's say -- I don't know what, maybe $1,500 or $2,000 per hour that they have to make downpayment. I said, "Okay, and keep me advised," because he didn't know much really, you know.

"Keep me advised if you hear something or if somebody comes to you," and all this. And then --

Q Where did you call him from?

A From the hotel in Tel Aviv. And I think it was midday -- yeah, midday, when some Israelis came to my hotel room -- there were two, but they --

Q Who were they?

A They didn't say their names. But -- tough guys.

Q Were they military people?

A I think, but I don't know. They didn't say where they come from so I --

Q Were they dressed in military uniform?

A No, no. In normal clothes. And they said, "Okay, we have to talk about the routing you want to take" --

Do you want me to stop there?

Q No, just keep going.

A And I said, "Yes, which way do you want me to go?" And they came up with some stupid ideas and because I have done it before and know how -- even if you don't fly through [redacted] it is still dangerous to --

Q What were their ideas?

A They wanted to give me a -- how you call this -- if you have somebody torment you -- take them out and just -- the English word -- they want to follow me with -- not to follow me, but give me two fighters, give me --

Q Escort?

A Escort, escort, give me escort just to get through [redacted] their territory.

Q Israeli territory.

A Yes, until the exit, you know. But I said you make a lot of noise then. [redacted]

And then he said, "I think you'd better go [redacted] route." I said, "Okay." What we also discussed was -- yeah, in the beginning of it, okay, take [redacted] route, but you have to -- I had to tell him the minutes, how long it would take from Tel Aviv to get to this point, a certain point, you know, where they have probably defense devices to make sure that they don't shoot us because it -- if I had a map, I could show you.

[redacted]

MR. CAROME: Let's go off the record for a moment.

(Discussion off the record.)

MR. CAROME: Back on the record.

BY MR. CAROME:

Q We were just talking about the question about notifying the Israelis how long it would take to get to a certain point. I understand from what you've just shown us on the map that that was a point in [redacted] Israel where there are some sort of air defense batteries and the point was to tell them --

A Yes.

Q -- tell them that so that the air defense batteries --

A Yes.

Q -- wouldn't shoot you down. Is that right?

A Yes. Right, yes.

Q Okay, if you could go on with your story.

A And -- well, they changed our minds really quickly, always, and the guy who was in my room -- there were two, one was, I think, just a driver -- the other one was the important person there. He was --

Q Did you ever learn that person's name?

A No.

Q Was that Al Schwimmer?

A No, no. No, no.

Q That was someone other than Al Schwimmer?

A I think it was from government or -- I don't know.

Q You thought he was a government official?

A Maybe he was Air Force guy; I don't know really, because he wanted to know this, you know. Anyway, he was always on the telephone, always calling, but of course, they talked their own language, and he was a nervous guy, and he changed always his mind, you know, and then he said suddenly, "Why don't you come with us to our place," and I said, "No, I'm not leaving the hotel because I expect a call from [redacted]," which was not true, but -- because he asked for the money and -- he didn't come with the money and I thought if I go with him, myabe Inever come back, you know.

Q Did you actually fear for your safety at that time?

A Not really for this, but, you know, I didn't want to be in this business because [redacted] is the manager and I wanted to leave it up to him to do the business with them -- why I called him, and I called [redacted] and said, "Look, they want me to come with them and to discuss details and to" -- yeah, to give him more information. "And is it okay with you if I go with them and deal with them, the routings," and he said, "Go with them and give me advised what they are up to."

Q Just so it's clear in my mind as you're going through this, was it [redacted] who told you that the destination was to be Tehran? He told you that in the first phone call that morning?

A No, it was [redacted] the other guy. He knew it when he was on telephone with -- I think it was [redacted]

Q And that was the night before, around midnight?

A Yes, around midnight, yeah.

Q All right, keep --

A And so I went with those two to --

Q Meaning the two Israelis; is that right?

A The two Israelis, to a nice villa, and there were some people there and then I met Mr. Schwimmer.

Q Was this his villa? Was this where he lived?

A Yes, it was his place.

And this --

Q This is Al Schwimmer; is that right?

A Right, yeah. And he said, "I'm Mr. Schwimmer," or Al Schwimmer, but I heard it from somebody else, maybe Mr. Schwimmer, and then -- and he was real friendly and he said "and you are the one who is going to fly," and I said, "Look, my boss told me not to do any step further until I get the money, a downpayment," but he said, "But, look," he said, "today is Sunday. I'm not able to give you money because the banks are closed." And I said, "Okay, then, I cannot decide this. You have to talk to my boss, [redacted] and I leave that to him. He must decide this, no."

So --

Q Just so it's clear, did you go by yourself with these two Israelis --

A Yes.

Q -- to Mr. Schwimmer's house --

A Yes.

Q And where was the rest of the crew at that time?

A They stayed in the hotel.

Q And how many people were at Mr. Schwimmer's house when you arrived there?

A It was his wife and two more people.

Q And do you know who they were?

A No. No.

Q Were they men?

A Yes.

Q And were they involved in the planning for this operation, from what you could tell?

A Probably. I don't think that they were visitors. I think they were involved in this, but I'm not sure, they could also be visitors, but because when we talked, he didn't tell them to go out, so they were listening to our conversation so I think they were involved in this a little bit, because they knew what we were talking about.

Q It take it you were speaking to these people in English; is that right?

A Yes. I called [redacted] and I told him, "I'm now in Mr. Schwimmer's house and he doesn't have money" -- oh yeah, he gave me some money. He gave me some money --

Q How much did he give you?

A I think he gave me $2,000, but 2,000 is nothing, and I said, "Okay." After a while, maybe after a half hour or so, "Maybe I find some more." He gave me another 2,000. It was 4,000. I had --

Q This was cash, right?

A Cash, yeah, cash, but I signed for it. And I think I had another 3,000 from my ship funds, you know, so I think I had a total of $7,000. I called [redacted] [redacted] and told him there's no money here and you told me not to go if I don't have the money.

He said, "Pass me to Mr. Schwimmer on this," so he talked a long time --

Q You're saying [redacted] -- or [redacted] and Mr. Schwimmer then spoke together?

A Yes, and I only saw that his eyes, Mr. Schwimmer, got bigger and bigger. I think he said, "What kind of crooks you are?" He spoke like this. He told me afterwards, "No, no."

Q What you understood was that [redacted] was asking for too much money; is that right?

A Not too much money, but for the money which was part of the deal, probably, you know. Look, we are an airline and we fly, you know, not for fun. I mean -- well, we have to live and it was the deal probably, you know. It was the deal that he pay $17,000, which is not much anyway, and I thought it would just cover the fuel and a little bit, you know, landing fee and all these things, hotels, for example.

But I heard him saying, [redacted] today is Sunday," same thing that he told me, "today is Sunday and the banks are closed, and I will -- tomorrow, the first thing, I go to bank and I will get you the money and sent it to -- or give it to me or send it to wherever, to your account."

They were talking a little bit and then he said to me, [redacted] wants to talk to you," to me, "again," so [redacted] said, "Okay, I hope he is right. He promised me that he would pay tomorrow and" -- he didn't know this guy. [redacted] didn't know this guy and -- well, he said, "I don't know if I can believe this guy really but I think it's okay.

So he gave me green light to proceed on.

Q With just the $7,000?

A Yes. And we -- then we finally decided to take [redacted] --

Q Who's "we"?

A Well, he and myself.

Q Mr. Schwimmer and you?

A Mr. Schwimmer and myself.

Q And why did you make that choice?

A Well, that's what he wanted. He said [redacted] which I would have done --

Q You would have preferred [redacted]?

A Preffered [redacted]

Q Because [redacted]

A Because it's [redacted]

[redacted] I had to take [redacted] And I said we need permission to overfly [redacted] need permission. And he said, "You have permission," and I said, "Could you give me the permit number?" He said, "Just stand by," and he called somebody and he was talking for a long time. I figured -- well, I don't speak the language, but I felt he didn't get the number.

Q Was he speaking in Israeli on the phone?

A Yes, Israeli. And he said, "I'm sorry, I can't get the number because" --

Q Hebrew, I guess, is the appropriate name for the language.

MR. PEARLINE: Yes, that is the appropriate name.

MR. WOODCOCK: Like we're speaking American.

(Laughter.)

THE WITNESS: And he said, "I'm sorry, because it's late already and the people are not in the office any more and I cannot reach the right person who knows -- he has done everything."

BY MR. CAROME:

Q What time of day is it by now?

A Late evening. I don't know exactly what time it was. It was dark already, and I remember I was tired because I was up in the morning and talked to the people -- all day, it took me all day.

Q Were you at the airport at any time during that day?

A Yes. I think I want to the airport just to have a quick look and I saw them loading the airplane.

Q And was it at that point that you reached the conclusion that it was missiles?

A But this is really my own. I haven't seen -- I don't know what was inside, but it was -- I guessed.

Q Based on the appearance of the boxes, you concluded they were missiles; is that right?

A That's right, yes. That's right.

Q Was there any doubt in your mind about that?

I know you didn't see the inside of the box, but was there any doubt in your mind as to what was in the boxes?

A It could have been -- I have seen ammunition boxes. They're different. What else? No, really --

Q There was nothing else that they could be, other than missiles? Is that right?

A Computers are different, you know. We sometimes flew sensitive stuff like computers sometime, not to Israel, of course, but they are also in safe boxes.

But it was my guess, and I talked to the other guys, "Do you know what this is?" Nobody knew. And I don't know where they were made. Normally it is stamed "Made in Taiwan," or whatever. I think there was nothing on really.

Q So you went and looked at what was sitting out to be put into the plane, is that right?

A Yeah. I was not close to it like we are sitting together now. I was maybe 50 meters away because I was -- I think I was sitting in the car and I just wanted to know if they are loading because they were telling me they're loading and just to make sure they're loading, but I'm flying cargo since -- 11 years, and so I know a little bit, and I don't really ask unless it is maybe dynamite or something and you have to know a little bit -- you know, if it's explosive stuff, but then you have to worry about thunderstorms, you know, and things like that.

But just -- you have a rough idea, but nobody told me what it is and it is just a guess that it was missiles inside because of the size of the boxes.

But this is only a guess.

Q Did you mention that guess to any of the other people that were there, [redacted] people?

A I think -- no, they were quite busy and the loaders -- the loadmaster was quite busy. He just told me that they are stupid and very, very lazy, and -- because I had a schedule -- I think they told me to leave at 1800 GMT time, 1800, and I thought that they wouldn't make it because they were so slow.

Well, that was in the afternoon when I was there to have a look. For me, it was not something special, not at all, because, you know, we were flying every day, cargo, cargo, cargo. You never know what is in there, really, in the boxes.

Q But you knew it was unusual to go to Iran, didn't you? This was only the second time you'd ever done that in your life; right?

A That is true. Yes. And I knew there was fighting there. Everybody knew --

Q And you knew Iran was involved in a military conflict, right?

A Of course, [redacted] and I was a little bit concerned, quite a little bit. Very much worried because -- well, I've never -- I go back to this.

It was in the afternoon I had a quick look to see just how far the loading is -- how far the loading was, and then we went back to Mr. Schwimmer's -- I spent a couple of hours, two or three hours with Mr. Schwimmer in their office. And after --

Q I'm sorry, you were at Mr. Schwimmer's office or at his house?

A Well, I think it was like an office in the house.

Q I see.

A You know, he had a big desk there and maybe two or three telephones or so. It was a big house, anyway, and he said, "Come into my office," when I got there. Well, finally I got the green light from [redacted], and then we decided to take [redacted] and then suddenly, I was just about to leave and he said -- there was a telephone call and he talked to somebody and he said "We have to change route -- we have to change the route again," and he said -- he said, "You have to land [redacted]."

Q Who do you understand he was speaking to to get that news?

A Somebody important.

Q Was he speaking in English or Hebrew?

A No, Hebrew. Israeli. I couldn't understand what he was saying. But he was -- I think he was also a little bit concerned because he changed it-- or he had to tell me again to change it. And I didn't like it. I said, "Look, we didn't have any cargo papers, no cargo manifests," and you normally get a cargo manifest, for the cargo you are flying.

Q So this was unusual, you weren't having -- given a cargo manifest; is that right?

A Yes, I didn't get one.

Q Why didn't you get one?

A Well, they gave me the weights, and -- but --

Q Had you ever flown a mission before that -- where you only had oral information about what the cargo was and you didn't get a written manifest, or was this the only time?

A When we flew [redacted] they always gave us only a general cargo -- it was general cargo because too many parts, you know, like plastic chairs and everything, you know, everything really. It just happened sometimes.

Q It's normal practice to have a written manifest, is that right?

A Normally you had a manifest where everything is itemized, but sometimes, if it was too much, you know, then they just declared it general cargo.

Q But there would still be a written manifest normally, right? Even if there were many types of items. Is that right?

A Yes.

Q But in this case, you didn't have any manifest at all, is that right?

A No, I didn't have any.

Q So that was extremely unusual; wasn't it.

A Not extremely unusual, but it happens now and then. Important for us is the weight, how much a pallet weighs because of the trim of the airplane. You have to know the weights, which pallets -- the weight of each pallet which is important for us, really, and -- but it was a little bit unusual.

Q Had that ever happened before that you flew a cargo plane without a manifest at all?

A I think yes, now and then, it happened, but maybe by mistake that they didn't come in time, you know, because in some places, they did it by hand, you know, and then it takes just too long and we -- sometimes we didn't wait for it, you know.

Q What was the problem this time?

A Well, there was nobody really -- I mean, they didn't have a loader, like, you know, when you fly for an airline, there is a department -- loading department that does the -- the chief loadmaster, they call it, or chief loader and then the operation -- operation people. They come out with the load chief then, with the loading manifest and all these things.

Q And this time, that was not available. Is that right?

A There was no person which was -- not the airline person, but we had our loadmaster there and they gave me the load sheet, with the weights on, and that was it.

Q Did the load sheet identify the cargo?

A No.

Q Did it say what it was?

A No, just the weights. I don't know -- it's too long ago; I don't know what the weight was. Whether they were heavy or light, I don't know, really, but just normal, I think. So not overweight, not too light. I don't know how heavy it was. I don't even know how many boxes they put on. I don't know how many.

Q Does 18 sound like it may have been the number? That's the number that we understand from other sources.

A I think you're right, yeah. I think 18 is a good figure, because there was a discussion how many we could put on and I think -- when I said 17 or 18, it is possible. Yes. That's correct. I think 18 we had. But I'm not 100 percent sure.

Q Is that as many as the plane could take in one flight?

A Yes. Yes. And -- I think we had three or four boxes, that direction --

Q Lengthwise?

A No.

Q Widthwise.

A Wide-wise, wide-wise. Four and another four on top, and then -- so 18 is a good figure. I think it was 18. They told me -- the loadmaster told me, but I have forgotten. It was not really so important for me, really. He told me -- I asked him and then I remember now -- how many did he put on and I think he said 18.

Q All right.

A Not more than 20 probably. So, how far were we? Suddenly, he changed the routing and said, "You have to land [redacted]." I said, "I don't like this because, first of all," -- I think I mentioned this -- "first of all, I don't have a cargo manifest," but I understand he is a businessman and he has nothing to do with loading of it, and things like that. That's what he told me. "I'm not responsible for this. I'm just a businessman. I have nothing, really" -- and I don't like to land because it could cause problems there.

Q Not having a manifest?

A Yes.

Q And that would cause problems.

A And he said, "You don't have to worry. You don't have to worry, because they expect us."

Q [redacted]?

A Yeah. And --

Q You said that there were two problems; there were two reasons why you were worried about going [redacted]. What was the other reason?

A No, only one, because we didn't have the cargo manifest and -- yeah, because I didn't know really what I have -- what kind of loading I have, what kind of load I have, and because he didn't tell me, and I don't know if I asked him. I think I didn't even ask him.

Q Why didn't you ask him what the cargo was?

A I think it's better not to ask --

Q Why is that?

A If I don't know what it is, then it is better for me.

Q Isn't it important to know what the plane is carrying?

A Yes. Yes. But --

Q Didn't you, in fact, ask him what the cargo was?

A I don't think so. At least, he didn't tell me. Maybe I asked him -- I think I asked many times, many people.

Q You asked many people what the cargo was.

A What the cargo was because of course I have to know it, but --

Q And what did they tell you?

A They told me that it is just, you know, general cargo.

Q You knew it wasn't general cargo; didn't you?

A Well, I cannot say yes because those -- whatever it was, it was in boxes and --

Q You thought it was missiles.

A I thought it was missiles.

Q Did anyone ever tell you that it was missiles?

A No, no.

Q Are you 100 percent sure of that?

A One hundred percent sure. Nobody told me that.

Q But you asked a number of people what it was.

A Yes.

Q And you're saying that what people told you was it was general cargo?

A General cargo, and there's really you have to worry about, nothing explosive stuff, nothing. And that was it, yes.

Q If it was missiles, wouldn't there be a concern that some part of the missiles, either the propellant or something, might be explisve?

A As far as I know, you can -- well, as long as the missile is not -- how do you call it -- shoot them, before you shoot them, you have to activate it, no?

Q And did you understand that these were not activated?

A Yes.

Q How did you know that?

A Otherwise, they wouldn't have put it on there.

Q How did you know that?

A No, I don't know. That's a guess for me.

That's just a guess, I mean. Just the same with the dynamite I flew the first time -- or at the time with this black powder. I said black powder here, this powder stuff, and the detonators, isn't it dangerous, and they told me, as long as they are separated, then nothing will happen, and I think they wouldn't put me something on which would explode. I think they would have told me that.

Q Now, these are total strangers you're dealing with, right?

A Yes, I think, yes.

Q And --

A Or at least, Mr. Schwimmer, I think he was a person -- he talked now, but he didn't tell me what it was, but he understood what my concern and so -- he was telling me a little bit about the other guy -- the Israelis, they did not -- just didn't answer when I was asking.

Q But what did Mr. Schwimmer tell you about the cargo?

A Well, he just -- when I said, "Look, I understand there is something sensitive here," he said, "Yes," and therefore, I would like to go direct. I don't want to land there. And then he said, "you don't have to worry about this."

Q You're talking about going [redacted] is that right?

A Yes.

Q I guess I want to focus a little bit more on what you learned in Israel about the cargo.

You recall them being in long, large --

A Yes.

Q -- boxes; is that right?

A Yes, yes.

Q Were they square boxes or were they cylinders, rounded?

A I think square.

Q And had you ever seen cargo that looked like this before?

A Of course, I seen something similar. I'd seen --

Q When before had you seen similar-looking cargo?

A Everywhere, in warehouses, but I think the boxes were not wooden. I have seen wooden boxes, about this size, you know, you can put pipes in, and you can put whatever, but I think they were plastic or metal. I think they were plastic, plastic.

Q And what color were they?

A I think they were green or gray, something like that.

Q And, as I understand from what you said before, you don't recall there being any markings on the outside of these boxes; is that right?

A I haven't seen any.

Q You looked at these boxes?

A Yes, I looked once at the boxes, but only very briefly because there was always somebody -- I was always -- somebody -- was never really alone, really, and I ask loadmaster, "What is this? Are they made here or where are they coming from?" and he said, "I don't know, there'e nothing on them."

We were talking a little bit about what's inside, but really, we were only guessing when we said it could be missiles. It was totally empty, there was nothing on it. And nobody would answer --

Q Nobody would answer your questions about what it was?

A Asking what it was inside.

Q Who did you ask?

A There was one person -- I think was the chief of the Israelis -- where it was, I don't know. He was always with me. He never let me go alone near it.

Q Is this the person who came to your hotel?

A Yes, yes.

Q And you never learned his name; is that right?

A No, no. He was about my size, tough guy, about my age and I think he was responsible for this -- for loading, probably, that everything go smooth.

Q Is he the same person that raised the question about the air defense battery in Israel?

A Yes, I think.

Q And did you ask him what is the cargo?

A I asked him, yes.

Q And what did he say?

A He cannot talk about this, something like that. "It is nothing special," he said, "nothing special."

Q Did you ask him whether there was anything explosive in the cargo?

A I think I asked, yes, and he said no. I mean, it would have been stupid for him to say yes.

Q But that was important to you. You were responsible for the safety of your plane and your crew; is that right?

A Yes, of course, yes.

Q And so it mattered a great deal to you that this cargo not be something that would be unsafe to carry; is that right?

A Yes, yes.

Q Who else did you ask what the cargo was?

A Well, this is a long time ago, and I was flying quite a bit, but it's not -- it is not so close anymore, but I asked at least three people, different people. I ask this guy and I asked the loader --

Q Did you ask Mr. Schwimmer?

A And, yes, I'm sure I asked him what kind of cargo we had and he said, "It's nothing special," or something like that.

Q Why did you think these people were reluctant to tell you what the cargo was?

A Because I think it was something sensitive and --

Q And by "sensitive," you mean military equipment?

A When you fly from Israel to Tehran, that is already something special, of course, and so I thought there must be something special inside.

Q And you put that fact together, I take it, with the appearance of the boxes --

A Yes.

Q -- and you, yourself, thought these were missiles you were carrying.

A Yes, yes, that's right.

Because they hate each other, the Israelis and the Iranians.

Q Were you aware of reports in the air cargo business, or just the international business generally, that Israel was shipping arms to Iran around that time?

Had you ever heard that?

A No -- I think I heard it later on, but not at that time. I tell you, I was flying with every day. I was the only who flew most the time or others in the company. I was [redacted] I was only a few times at home, really, and I was always in the air. And -- so I really didn't know all about it and -- I really must say I was not very much interested because I always rely on m [redacted] when he tells me something and I do it -- go there and pick up cargo, so I'm sure he would have -- he knows what it is, so, you know, he's deciding things.

Q Did you understand that m [redacted] knew what the cargo was?

A I don't know. I don't think so, because he would have told me. Maybe he knows; maybe not. He told me, "Keep me advised what's going on there."

Q Did you tell him on that Sunday --

A Yes --

Q -- that you thought it was missiles?

A No, but I told him that the cargo looked a bit funny or the boxes, yeah.

Q What did you mean by that?

A Well, you know -- well, what I told you. I thought it looked like missiles and --

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Q Did you tell that to [redacted]?

A I don't think so. Because we were talking very briefly and -- when I called him, I was either in the office of Mr. Schwimmer or in my hotel room and -- with these people around, so I didn't want to mention that at all, anyway. And, no, I just told him, let's say, 30 tons of cargo here and some, you know, some boxes, off-size pieces, off-size boxes, and he said, "Okay."

Q All right, let's proceed with this --

A Okay.

Q We were last talking about the decision to take the plane [redacted].

A Yes. And he said -- when I said, "Do we have landing permission [redacted]?" he said "Yes" -- Mr. Schwimmer said, "Yes," and then I asked, "Do we have overflight permission [redacted]?" and he said, "Yes, everything is" -- did he say "achieved" or -- "We have everything available. Everything is ready." And so I said, "Okay, I'll go."

Q Did you understand who Mr. Schwimmer was working with to get these landing rights taken care of?

A No. I would like to -- I didn't ask him because -- maybe he wouldn't have told me, anyway. But it must be somebody with, I think, a little power probably. Because they told him not to go straight, to land [redacted]. There must have been a reason for that, and -- I don't know why.

Finally we departed and we went [redacted] and [redacted] -- [redacted]

Q Was there a concern about needing additional money and fueling problems that came up when [redacted] destination came up?

A I told him that and I figured my money, you know, and -- I didn't need any fuel, I think -- or we -- yeah, we put some fuel in, but very, very little, and --

Q Was there a situation where you had to dump fuel because you had filled the tanks up and you needed to --

A No. No, no. We were waiting in Tel Aviv --

Q Yes.

A -- we were waiting until the last moment because I told him, because I saw how they are changing their minds every half hour here, because if we had taken [redacted] [redacted] we would have probably had [redacted] time, total flight time, and you need full tanks, but to go [redacted], then it is only [redacted] -- not to exceed the maximum landing weight, you have to have only little fuel, less fuel, at least. So I figured in his office how much I would need for landing, for the handling and for fuel, and I figured I could -- I need -- I think it was 4,000 for fuel and 2-1/2 thousand handling and landing, which has been my experience, and yes, that was it.

Can I continue on?

Q Yes, you asked him for more money because you needed more money; is that right?

A No, I didn't need more money. I could cover that with the money I had. It was -- seven or eight thousand dollars. I think I had $8,000, and I didn't have any private -- I think I had maybe $500 only private, but the other guys I asked, they had nothing, really, nothing big.

But it was enough to cover the flight, and he said, "When you land in Tehran, you don't have to pay anything there. It will be -- it is paid already."

Q Mr. Schwimmer told you that; is that right?

A Yes, yes, yes. I said, "You're sure," and he said, "100 percent sure, don't worry. I wouldn't let you go without money."

And finally we left then, and we departed and I filed the flight -- the co-pilot filed the flight plan [redacted] [redacted] -- I'm not sure he filed [redacted] or to some place -- I can't remember, maybe it was not a destination.

Q Why would you have done a flight plan to a false destination?

A I'm not sure, really, because I haven't done the flight plan, but I think they were talking about using another destination and then changing in the air the destination. Because -- well, I didn't ask because the answer is easy because -- I mean, they probably didn't want to have any witnesses -- witnesses -- let's say their own people from the Israeli -- I mean, all these people would know that they go to Tehran, and they don't like each other, as I said, they are, you know --

Q So you might have used a false destination on take-off so that you would hide from the people in Israel and help cover up where the cargo is actually be taken; is that what you understood?

A I'm not sure because I didn't file the flight plan myself, but I think he told us this, and -- but I can't remember what it was -- maybe -- what is close to fly? I don't know really, but I think we did it like this and we changed the routing in the air -- when we were in the air, we called [redacted] changing destination.

Q Do you recall what the original reported destination was?

A Yeah -- I'm not 100 percent sure if we did it, but at least we talked about it and I think it was like this, that we had different destination and we changed the destination in the air and we had to change routing, then, when we were in contact [redacted]. We told them that we have to land there -- we intend to land there. I think we did it, but I'm not 100 percent sure. I think we talked about this and so land [redacted] and then -- [redacted] is a busy airport and not big and so they want you to turn around quickly. I sent the co-pilot inside to file the flight plan and, as far as I remember, he filed Tehran, destination [redacted] Tehran. Yeah.

Q Was that at your direction that he did that?

A Yes, yes.

MR. CAROME: Could we go off the record for a second.

(Discussion off the record.)

MR. CAROME: Back on the record.

BY MR. CAROME:

Q Picking up where we left off, we were just talking about your arrival [redacted] and what happened there.

Why don't you [redacted] continue with the story.

A Yes. I sent the co-pilot to file a flight plan and I fueled the airplane and -- which didn't take long.

Q Did you top off the tanks?

A Yes. We put some fuel on, not very much. Little bit.

Q You filled the tanks up all the way?

A No, no, just a little bit, you know. I figured, you know, before you fly, you figure air time and then according your fuel, and it was just a little bit. I think I paid $4,000 for the fuel. Well, actually, we put -- I had fuel for $4,000, I think it was like this, $4,000 and I will have the fuel for this because I didn't know the price. It was enough to get there anyway, and the co-pilot came back after -- I don't know, 20 minutes, 30 minutes, and he was a little bit excited and he said -- yeah, he was excited, and "They want to talk to you," he said, "They want to talk to you." I said, "Why?" Well, I have to say, I did the cargo manifest myself.

Q On the ground [redacted]?

A I think I did it in the air, because you have to have it when you land somewhere, you have to have it. You have to pass it to the handling people. They always ask for it, you know, so I made one with the general cargo, because they told me general cargo.

Q You say that's what they told you. Who told you that?

A Yeah, everybody.

Q Oh, I see; that's what people --

A We have general cargo; that was always the answer from Mr. Schwimmer and all of the other guys.

Q But you knew this was not general cargo, right?

A No, I don't say I knew it because how did I know when I cannot inside really?

Q But you believed it was not general cargo; isn't that right?

A Okay, that's --

Q You've said a number of times here today --

A It was my guess, whether it was right impression -- I believed, maybe.

Q That it was missiles, right?

A But I thought it was not general cargo, but I hadn't seen it. Maybe it was something else. I don't know.

Q But the belief that you had formed at Tel Aviv -- I believe we went over this before -- was that you were carrying missiles; isn't that right?

A I don't know. Can I answer that -- like this?

MR. PEARLINE: Do you want to say "suspected" or --

THE WITNESS: Maybe that's a better expression. I was -- what did you say?

MR. PEARLINE: Suspected.

THE WITNESS: Suspected. Oh, you mean -- I don't have to answer this or --

MR. PEARLINE: Let's go off the record.

(Discussion off the record.)

MR. CAROME: Let's go back on the record.

BY MR. CAROME:

Q We've been speaking briefly off the record about the best way to describe what your nature of mind was or state of mind was about what it was in the missiles -- I'm sorry, what it was in the -- what the cargo was that you were carrying and let me state what I understand you have said, and you please correct me if I'm wrong. As I understand it, because you didn't actually open up a box --

A They wouldn't have let me, anyway.

Q Because you didn't, you were not 100 percent certain what was in the boxes; is that right? You can't -- you were not 100 percent sure. Is that right?

A Not 100 percent sure, no.

Q But at the time, as I understand what you're saying, you believed that --

A More than 50 percent; but not 100 percent.

Q All right.

A See?

Q You thought it was more likely than not that it was missiles in the boxes. Is that right?

A For me, it was nothing really special too much because I have been flying arms before when I was with [redacted] you know, many years back, it was official because you may fly this. You have to have permission, but it is not forbidden to fly missiles or whatever it is, and I have done it many times before, but not with [redacted] of course, but before, we had stations in the Far East or where it's going.

So I was really not very much concerned about this, but to come back to this, to size and color and -- I thought it must be something like this. But I haven't seen it. And nobody told me what is really inside. They only told me general cargo and they put this on the cargo manifest, general cargo, 18 boxes of general cargo and the weight, that's it. The guy who is coming collecting the papers, he is just operation guy from the airlines, so he would not check on this.

If he would be -- or the airport authority, if they would be in doubt, or like me when we came from [redacted] [redacted], it is, what do they do here, going to [redacted] -- going to Tehran, then he would have sent, maybe police or something like that, but the airliner, the operation guy from the airline, he cannot do anything.

Anyway, I passed him the papers -- I gave him the papers and he went off -- and let's go back -- the co-pilot came back and he said --

Q This is [redacted] that we're speaking about, just so it's clear for the record.

A [redacted] yeah.

He said, "They want to talk to you. They don't believe that you are carrying general cargo." He told me that.

Q You had written "general cargo" on the manifest, right?

A Yes. And he was a bit excited -- no, he said, "They asked me what kind of general cargo we have, what is in the boxes?" I mentioned 18 boxes general cargo and I said why didn't you tell them general cargo something? We didn't know; we hadn't looked inside. General cargo can be everything. I said, only the captain -- he said, "Only the captain knows what is in it." He said -- which was the truth, and --

Q So that put the heat on you, didn't it?

A Right. And I took him along because -- I should tell you that he is a little bit behind, a heavy guy, and --

but he put -- and -- I can't believe. I can't believe it because he said they're coming now to check on this.

Q And who did you understand that to be? These are the officials at the airport?

A Yes. The place where he filed the flight plan [redacted]

Q All right.

A And he said to me, "They want to talk to you," and anyway, he said they will send some people here to check our cargo. I said, "I don't believe that, really, I don't believe that because" --

Q What didn't you believe?

A Because -- that they want to check the cargo because Mr. Schwimmer told me there was no problem [redacted] I told him that we -- you know, are from [redacted] and -- suspicious, no, is the right word, and because he told me, "Don't worry."

I just didn't go there. I didn't go there, and nobody came and I asked for start-up clearance and we a start-up clearance.

Q Did you notify Mr. Schwimmer or M [redacted] that there was a problem [redacted]?

A Yes.

Q How did you do that?

A I called -- that is, I called M [redacted] on the

HF. I said, "The co-pilot just came back and he said they want to talk to me and they do not believe that I -- that we have general cargo onboard," and I told him I don't know what they going to do, but I keep you informed, but just be advised that I might get in trouble here. And I told him, "Could you please inform Mr. Schwimmer because he told me there's no problem here; there would be no problems."

I think it was like this. I first waited for m [redacted] call and I really don't know exactly how it was, but maybe he called me back and he said, "I have informed Mr. Schwimmer that you have problems," or maybe he said, "If you get in trouble, just call me back," and I don't know how it was because it was really -- first of all, it was very late and we were the whole day up and I really don't know.

But what I didn't do was -- I didn't go there, [redacted] [redacted] I just called them by radio and asked for the flight available and requested start-up clearance, and I got it. Then --

Q Was there some concern about getting overflight clearance rights [redacted] before you took off?

A No. No, no, we don't have to do anything. They are only concerned about their country, really. They wouldn't ask whether you have the overflight rights or -- [redacted] it's easy anyway. It's very easy.

Everybody can fly without clearance unless you have -- unless you have sensitive stuff like arms aboard, and then you have to have diplomatic clearance.

MR. WOODCOCK: You can fly all the way to Red Square.

(Laughter.)

THE WITNESS: Yeah. And I think after -- when I got the clearance, I think -- I'm not sure -- I think I called [redacted] again and told him, "It's okay now." I don't know really. Did I call him later on or did I call him when I was on the ground still? I don't know already.

Anyway, I didn't go there and nobody came to check, and that was it, and we departed again.

BY MR. CAROME:

Q How long were you on the ground [redacted]?

A Probably an hour, hour 10, hour 20, no longer than that. It was a bit funny and -- but what I thought was -- I heard it from other pilots, you know, that -- because I talked about this to somebody else -- I said, "What is the procedure there [redacted]" and then everybody -- even if you have something to hide or what, they let them land. I think you have to pay them, just have to pay them.

Q A bribe?

A A bribe, yeah.

Q But that didn't happen here?

A No, no.

Q I understand.

A But --

Q Let me just -- a few questions more about [redacted] I take you didn't want someone from [redacted] to come over and inspect the cargo. You feared that that would cause problems for you, didn't it?

A Yes. Of course.

Q And you knew that perhaps you wouldn't be able to continue on with the mission if someone came over and found out what the cargo was; is that right?

A Could have been, yes. Could have caused problems.

Q And that was because of your belief of what it was you were carrying; is that right?

A Yes.

Q Okay.

If we could continue, now you've -- could just continue with the story after you've taken off [redacted]

A Yes. After we'd taken off [redacted], it was just a normal flight, no problems at all.

Q Well, you had to overfly [redacted] that right?

A Yeah, and there was no problem at all. We had -- I don't know whether it was on the return flight or on this flight, but I think -- I try to remember -- we had no problems at all. Maybe we change -- we had to change frequencies, which was I thought was a military frequency because the military has -- they have different radios -- they are very bad, yeah, but they didn't ask. It was really a smooth flight.

Q Let me ask you a couple of questions about overflying [redacted] We have heard that -- I believe from [redacted] and [redacted] -

A Uh-huh.

Q -- that there were difficulties overflying [redacted] because the people on the ground [redacted] hadn't gotten information necessary for a flight clearance.

Does that refresh your recollection?

A No, and I try to remember -- it was on the return flight when we were empty, they were asking, "D you have" -- as far as I remember, you know -- if I had known you were going to ask me today, I would have made notes of it, but then as far as I remember, it was a smooth flight and, to me, it appears that they were informed, that they knew about the flight. I think it was no problem. I think what the problem on the way back when we flew from Tehran back to [redacted] -

MR. WOODCOCK: What do you remember the problem being on the way back?

THE WITNESS: That they were asking, "Do you have overflight permits? Do you have overflight permission on this?" I said, "Of course, we have," and then they asked me for the number. I said, "I don't know the number; I have to call my office because it is not my problem. It is operation -- part of operation to get overflight permissions."

BY MR. CAROME:

Q Let me read you --

A Yes.

MR. CAROME: I'm sorry.

MR. WOODCOCK: No, no, go ahead.

BY MR. CAROME:

Q I'd like to read you a paragraph from a report which [redacted] prepared a few days after the flight.

A Uh-huh.

Q I believe he prepared it for [redacted] reporting on what had gone on with this activity.

I'll just read you a paragraph. "Nothing was prepared for overflight [redacted] and he," meaning you, I believe, "had again to talk his way through. Since they repeatedly insisted on a diplomatic clearance number, he made one up, which was not accepted after long neogotiations and then he filibustered one hour and 30 minutes his way through [redacted] using different altitudes, positions and estimates that he told [redacted] with whom he was obviously in radio contact." Then it says in parentheses, "Not the normal frequencies." Then it says, "However, radar realized his off positions, which gave additional reason for arguments and time delays. At the Tehran border, he was received without any problems, but he did not have to say the code name, 'I am coming from Mustafa,' because radar treated him very" -- does that refresh your recollection about --

A Yes, a little bit, yes.

Q What do you now --

A They were asking for the number of -- but I'm not sure, but if he had mentioned it, I must have told him. It's what I told him probably, that they asked for diplomatic clearance, and of course, we have diplomatic clearance or whatever it was -- not diplomatic clearance but we asked for clearance number, and what was little bit different was they told me to change the frequency and I think -- that half of the flight through [redacted] was with normal ATC and the second half was with military ATC. But it is true that I have -- little different altitude and different -- I gave them different estimates of the -- beacon to beacon, because I thought maybe [redacted] are listening to this frequency as well, and --

Q Did you essentially have to talk your way through?

A I talked quite a bit, I remember, I talked quite a bit.

Q And --

A But [redacted] -- it was because of radio sometimes. The radios are very, very bad and they ask you -- always they ask you again the same thing, and I don't know if I have given them the number, but it is if you -- shall we say -- I talked myself through -- yeah, something like that.

Q Did you --

A But we didn't have really problems. If we would have had problems, I wouldn't have taken the same route back because we used -- when you file a flight plan, you have to put your registration and that is passed to the -- the ATC people.

Q Did you, at any time while you were flying [redacted] tell the ground controllers there something about the cargo you were carrying?

A No. On one flight, but I don't remember which one it was -- it was the return flight or was the first flight we did -- but the first flight we did, we flew -- no, it must be this one -- I know that they were asking, "Are you carrying arms," but I can't remember was it this flight or the other flight, but --

Q What did you think they had asked you?

A "Are you carrying arms?" or I think they asked us questions.

Q On this flight?

A I think it was this flight, but maybe it was the return flight. Also a possibility.

And I said, "No," but it also could have been on the first flight we did [redacted] I cannot remember now whether it was this flight or that flight.

Q There was a report which our committees have received on what was said from the plane to ground controllers and the written report that we have states that the pilot told ground controllers he was carrying military equipment.

A No.

Q Does that refresh your recollection as to what you said while you were flying [redacted]?

A Look, in case we would have had this, what I thought maybe anyway -- if you don't have permission, you know, for such equipment, you need diplomatic clearance, it's very difficult to get. It takes probably two weeks or even longer to get this permission, and if you don't have permission, you have -- if they force you down, they force you down, you know, and then -- if you say you have and you don't have -- well, I didn't have anything. I didn't have any diplomatic clearance number --

Q And you thought that given what you thought was the nature of the cargo, that was the kind of cargo for which you'd need diplomatic clearance; is that right?

A I can't remember how the question was, but there something coming up, I remember, but I don't know whether it was the flight there or the return flight. On one of the flights, they were asking, "Are you carrying arms or are you carrying" -- maybe they were asking what kind of cargo I have, and I said, "General cargo."

Q And --

A I think they asked on both ways, and -- on the way to Iran and on the way back home again, and I think that is a standard question anyway. Maybe if you come from there or go there, they ask what kind of cargo you have -- no, do you carry -- are you carrying passengers? The first is are you carrying passengers? No. Then, "I'm a cargo airplane," and they ask what kind of cargo you have. I think this question came up twice probably, but it was not -- I think was not very serious because I said, "General cargo," and then we didn't talk further about this.

Q And are you certain that on the way [redacted] or overflying [redacted], you did not say that you were carrying military equipment?

A I'm 100 percent -- more than 100 percent sure because it would -- that would be really stupid, I mean. You cannot be that dumb even if you have something.

Q And the reason it would be dumb is that that would, in all likelihood, cause [redacted] to force you down; is that right?

A Yes, they would because they have airports everywhere and they would have radar and they don't know -- I mean, if you say yes and they don't know which nationality you are or whatever, you know, you can lie and they would never let you proceed, never, ever, and everybody knows -- at least I know that -- I know it very well -- that you have to have diplomatic clearance to carry -- you can carry everything, you know, but you have to have diplomatic clearance.

Q When you told [redacted] ground controllers that you had general cargo, didn't that cause them to ask more questions?

A No, not at all.

Q They just accepted that at face value and didn't ask more questions?

A Yes. But they were asking -- many times I remember the registration -- the registration -- they wanted to know the registration --

Q Of the plane?

A Of the plane, yeah. I told them maybe five times. Well, you have to -- you know, when you fly, you have to change frequencies because of the range of the ground equipment. I changed off -- I don't know how many times I changed, often, the frequencies and I think half of the way through [redacted], I was with the military, the military agency, but I -- I did the radios myself -- nobody said we had arms onboard.

MR. WOODCOCK: I want to clarify a point, if I may.

THE WITNESS: Yes, please.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q Your testimony is that they first asked you whether -- what kind of cargo you were flying; is that right?

A Yes.

Q And your response was "general cargo."

A I don't know -- did they ask what kind of cargo you have or did they say -- or did they ask, "Are you carrying arms?"

Q All right.

A I don't know, really. What's --

Q That's really the point I'm driving at, did they -- do you recall whether -- let's first take the flight into Iran. Do you recall whether you were asked whether you were carrying arms?

A From [redacted] side?

Q Right.

A You know -- when -- after this flight, I talked m [redacted] about this and I don't know, but he probably has -- what he says is probably right, but I -- when -- I really don't know, did they ask, "Are you carrying arms or what kind of cargo." I think they asked, "What kind of cargo you are carrying?" The first question was maybe, "Are you passenger or cargo?" I say, "Cargo." Then they asked "What kind of cargo you are carrying," and then I said, "General cargo."

I think it was like that.

Q I had gotten the impression from your earlier answers that you thought it wasn't unusual that they might ask you whether you were carrying military equipment. That's why I'm pursuing the question --

A Oh, yes --

Q -- as to whether they would have asked you at that time whether you were carrying military equipment as a standard question.

A Yeah, I think it is a standard question if you are not scheduled airline --

Q Which you were not.

A Which we were not. Because, from earlier, I remember when I was not with [redacted] I was with [redacted] we flew often and it was charter flights, like charter flights. We had the route to the Far East twice a week and that was -- then we had different flights, not only [redacted] so everybody -- they -- it is a standard question, what kind of cargo, type of cargo, what kind of cargo are you carrying? Often, often, and they always ask the number of the overflight number. [redacted], for example, [redacted] [redacted] always ask.

Q Now, when you're flying through [redacted]

A I tell you, I never went this way, really, as far --

[redacted]

So, in your case, they knew already that you were headed for Iran; is that right?

A Oh, yes, yes, yes, they knew.

Q So that it would be a logical question for them to ask whether you were carrying arms. Is that right?

A Yes. Yes. Yes. But at that time, when they were asking, I was a little bit surprised, you know, but then later on -- because they asked also on the return flight. I remember that. Then it was an empty flight. That is probably standard question. Maybe not, but I think it was standard question.

Q So since Iran is the destination and Iran is at war with Iraq, if you give a general answer like general cargo, that almost begs another question as to what is the general cargo, so, following that sequence through, do you have a recollection as to whether you were asked on the way in, specifically, whether you were carrying arms? Do you remember now? Did they specifically say to you, "Are you carrying arms?" when you gave them the general cargo request?

A No. No, I don't know whether the question was, "Are you carrying arms?" or "What kind of cargo are you carrying?"

Q All right.

A And --

Q Let me turn the question around. On the way out, your destination, obviously, is not going to be Iran. Presumably then, the concern would be less that you might be carrying arms; is that right?

A But they ask -- they always ask and --

Q So either way, they might ask?

A Yeah. They were asking.

Q Right.

A I remember that.

Q All right.

A But I thought that they have -- that they were informed about our flight. They must have been because when you file a flight plan -- but maybe they were informed about our cargo could be -- but to me, it was not as difficult -- it was a smooth flight. They asked us questions, but -- general cargo, or when they were asking, "Are you carrying arms," and I said, "No, general cargo," that's it. [redacted] There isn't very much they can do, really, even if they would follow you or whatever. But they wouldn't be able -- but I mean, you come back again, and you know, if there's something wrong, then they would take you down because we returned shortly after this and there was nothing.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q Do you know whether or not [redacted] office [redacted] had done anything to try to get overflight rights for your flight?

A How was it -- I had asked -- who did I ask -- I think I aske[redacted] or did I ask[redacted] I can't remember -- I asked somebody, probably the operation [redacted]. I don't know, really, was it m [redacted], but I told him I need overflight permits and somebody -- maybe it was m [redacted] or was it the guy [redacted] -- who told me, "Those people in Tel Aviv, they take care of it."

Before I left, I think I mentioned it before, I asked Mr. Schwimmer, because he was not sure about the routing, and said, "Do we have permits; do we have overflight permission?" and he said, "Yes, how did you know that we'd take this route because we were talking about different routes before, no? He said, "No, no, this was anyway our idea to let you proceed this way and we have permission for this, 100 percent sure." I think he was not telling me stories.

MR. WOODCOCK: How do you account for m [redacted] apparent belief that you had difficulty getting acros[redacted] the way in?

THE WITNESS: He was asking -- I think I called him from the ground and he told me, "Tell me everything, how the flight was, give me details," and I gave him the details, everything, you know. I don't know whether he did notes or --

MR. WOODCOCK: His notes are dated November 30.

THE WITNESS: Uh-huh.

MR. WOODCOCK: So they would be very close to the event itself.

THE WITNESS: Look, when we talked together, it was on the telephone and I don't think -- I think I did it briefly and when he said that they had asked, "Are you carrying arms," then it is probably correct. He wouldn't change this thing around. But, it was general cargo.

MR. WOODCOCK: But I'm not -- I'm focusing not on the question of the cargo, but on whether you had difficulty flying over[redacted] I[redacted]report, he seems to be under the impression that you encountered difficulty flying into Iran[redacted] and what I'm wondering is, do you have any explanation since you believe you didn't encounter that kind of difficulty how[redacted]got that impression.

THE WITNESS: I heard what he said, but -- I had to change frequencies -- yeah, I talked the whole time -- I talked on the radio, but, as I said, they were asking many, many times about the registration and this is unusual, you know, that is not standard. Normally you give your position report and the next one, you estimate and that's it. But this time, we had to change frequencies often and, as I said, we were probably with the military and maybe there was some discussion on the ground between there because they were always asking, asking, asking, and then they were asking for overflight permission.

Then I probably said, "Wait a minute," or -- I don't know --

BY MR. CAROME:

Q You did not have a number to give them; is that right?

m

A I can't remember, but when [redacted] said there was a number, then there was, but as far as I know, we didn't have a number for this -- we didn't have the number -- he didn't get the number because I was asking Mr. Schwimmer permission number and he couldn't get me. But I always told [redacted] we had permission and all this --

Q But the fact that you didn't have a number, I gather, caused difficulty as you were flying over [redacted]

A Yeah. Well, there was lot of questions, but not concerning the cargo. I think it was more concerning the flight. Destination and point of departure, you know, and this -- yeah, I remember now more. There was a lot of talking, but not really concerning the cargo, I think. It was just the flight itself.

Q All right. What happened after you crossed [redacted] Iran border?

[redacted]

Q All right.

A [redacted] to be a little on the safe side, I went off the airway and I didn't talk anymore, but then suddenly, they are -- the Iranians, they called me and I was surprised at the frequency -- [redacted]

Tehran approach, and they called me on this frequency and "Everything all right," and so, like this?

Q Did they speak English?

A Yes. And I gave them an estimate which was not correct -- or maybe I didn't give them any estimate. I just said, "Everything's all right and we just passed [redacted] We are now inside the Iran." They have to know that you are coming. They have ground/air missiles.

[redacted]

It was also a smooth flight. I never called him, but he called me and "Everything all right?" Then he asked me for -- I think he asked me for estimates.

Q When you say "estimate," estimate of what?

A When you pass a certain station, you know, in the area, but I think he didn't say what time he said to call me at being that point, you know, radio beacon. Call me when you are beamed there or when you pass the station. I think we didn't pass any estimates.

That was all. It was a smooth flight.

Q And what happened when you got near Tehran?

I take it you flew directly [redacted] to Tehran without stopping in between?

A Yes, it was direct flight, just -- it wasn't on the airway, it was a little off, you know. It wasn't the center line of the area; it was a little bit away.

Q And you were doing that to protect yourself; is that right?

A Yes, and switched off the lights, the navigation lights. And then it was just normal approach. Approach control, landing and then we were on the ground and I think it was 6:00 in the morning --

Q Local time?

A Local time. They had just opened the airport, I think. Just very early. It was foggy when we landed and there was nothing happening. They couldn't tell me -- they couldn't tell us where to taxi, you know, give us position.

Q Who were you speaking with?

A The tower or ground control, whatever.

Q Were these military people or civilian people?

A Civilian people. And they couldn't tell us. I said, "We have cargo onboard and where do you want us to go? Where do you want us to proceed?" Then we were waiting.

He said he would send a follow-me car and it took a long time, I think 20 minutes standing there --

Q What is a "follow-me" car?

A A little car, black and yellow, squares, they guide you, they guide you to your parking number or spot or -- guiding car.

And then -- yeah, it took about 20 minutes. We had the engines running and I didn't like it.

Q Were you concerned for the safety of your plane and crew; is that right?

A No, no. But because they expect us and nobody comes to pick you up, then. And then after quite a long time, I think it was a half hour, somebody came with just ordinary car -- it was not -- I think it was small truck or something like that. And he --yeah, he guided us to the military side, the military ramp.

I know it because I was there before, you know.

Q This was the same place that you had been directed to before, is that right?

A Same place.

Q And that was one time before; is that right?

A Yes.

Q Just once?

A I flew twice and that was the second time.

Q All right.

A And -- yeah, and then I saw a lot of people -- I can't remember, was it military? I think -- it was military and civilian dressed like me. They don't wear ties there, no. They don't wear ties, by the way. It is forbidden, you know, and a guy came and he said, "You are late." We were late. They had a different schedule, probably. I said, "Yeah, the

Jews, they were too slow," I said. "Don't mention it, don't mention it," he said.

Q You mean, don't mention the fact that there were Jewish people who you had been dealing with on theother end of the flight?

A Yeah, and then I said, "What do you want us to do here?" He said, "We take you to the town and then you go in the hotel and when we finish off-loading, then we give you a call and pick you up. Do you need anything?" I said, "Yes, we need fuel," and he said, "No problem, no problem," and I said, "How much -- how long is it going to take? How much time do you need? One day or two days?" And he looked at me and he was a bit angry, you know. He said, "No, it's not easy to off-load because it took them almost a day to load the airplane because, you know, we arrived at late evening and we departed at evening. It was 24 hours we were on the ground at Tel Aviv, and they said, "Well, you know, we are not the Jewish and if they have need -- if they needed one day, we do it in 10 hours." And it was really true, they finished in 10 hours. I don't know how they did it, but they did it.

Yeah, and then --

Q Who was this that you were talking to on the ground in Tehran?

A I don't know but he was probably -- he must be something, I don't know.

Q You took him to be -- was he a military person?

A No, no, he was just like me. Gray jacket and shirt and trousers.

Q But you took him to be a powerful person from the -- connected with the government?

A He was in charge of the whole thing and --

Q Let me just see if I can ask you a couple of questions. You took him to be associated with the government of Iran; is that right?

A Whether he was a military type or was he a government type, I don't know. I don't know, but I think he was a government type. But maybe he was both. I don't know the difference, really, if there is a difference, and because they have -- there they have -- the military and then they have the Khomeini Guard and -- see, there is a difference really. They don't like each other and they are different. They have more power -- the Khomeini Guard has more power than the other.

Q The distinction you're making is between the regular military and the revolutionary guard; is that right?

A Yes, that's correct.

Q And did you know which group this particular person was associated with? Was he associated with --

A No, I don't know, but I think he was one of these revolution types.

Q What made you think that?

A Because he was very religious. When he came to the hotel and it was 4:00, when the sun goes down, and he said, "May I go to your bathroom," and took off his shoes and washed and then he start praying. But that was later.

Anyway, and he said, "I'm going to bring you and take you to your hotel," and so he arranged a car and then he took us out -- it was a special exit, you know, and because they didn't ask for our passport or they didn't ask for anything, I think he was a well-known guy. When I was there the first time, it took us hours to get through immigration; it took us hours and Customs the first time, you know, when we were there [redacted] It was so difficult and the second time, they just took us through there quickly.

This guy was very well known there. And he brought us to the hotel and we stayed there in the hotel --

Q Was this a hotel in downtown Tehran?

A Yes. I think it was the -- used to be Sheraton, but a different name today.

And I think we spent the night there.

Q Did anything happen that night? Did you speak to anyone?

A I think I called m [redacted] and told him that we are there and everything was okay.

Q Did you talk about what would happen next after you left Tehran? Were you making plans?

A Yeah, I asked him what the next schedule is and that they probably need 10 hours because when I was in Tel Aviv day before, they were talking about a couple of flights, and --

Q Let me see if I understand what you're saying. When you were back in Tel Aviv --

A Not back, before, when I was in Tel Aviv --

Q That's right, earlier in Tel Aviv --

A -- earlier in Tel Aviv, yes.

Q At that time --

A Upon arrival [redacted] when I got there, no, from --

Q Let me ask the question so -- it may be difficult to read this later -- my question is, am I right that when you were at Tel Aviv, the plan was for your [redacted] plane to make a series of flights back and forth from Tel Aviv and that was to move all of the cargo that needed to be moved; is that right?

A That's right.

Q It all wouldn't fit in one plane, right, and so there needed to be a series of flights.

A Yes, when I was -- I told you that there was a lot of cargo there, boxes there. I think -- I'm not sure whether there were only these long boxes or was there something else, maybe, because it had plastic on top, and I told them right away when I saw this, I said, "Is that for us? We cannot take that much. You should have chartered a 747 for this. It would have done it at once." And he said, "Yes, yes, I agree, I agree."

Q Let me ask you a few more questions about that.

How many flights did you think were going to be needed to move the whole cargo?

A I think five. And they were talking about five, I think. Five flights, they were talking about.

Q Who was talking about five flights?

A I think that was -- they were talking about this, as I said, the flights [redacted]

Q Did you just say a name?

A [redacted] the guy who was on the other airplane who was contacted in the beginning --

Q I see.

A m [redacted] He was -- this guy, by the way, [redacted] he was in operations [redacted] mostly and he was more in the operations things, you know, and I think he had a couple of flights taking place anyway --

Q Let me see if I understand what you're saying. You're saying that the other pilot told you that there are going to be five flights needed; is that right/

A Let's say a couple of flights, couple of flights.

Q And --

A We figured five flights, about.

Q And did you understand that --

A This one airplane.

Q Okay, and did you understand that the flights were going to be done back to back, just shuttling back and forth, to do it as quickly as possible?

A Yes. And I've forgotten something, when we arrived in Tehran, this guy I was mentioning, the leader there, he said, "Okay, we need 10 hours," and he said, "That means that you can leave this evening and come back tomorrow morning," and it was impossible anyway because it took them in Tel Aviv too long. Then he was asking, "Are you coming back?" He asked me that. "Are you coming back?" I said, "Yes, I will do everything here until we finish."

Q What you were saying was that you were going to do the rest of the flights --

A The rest of the flights, and he asked me if the rest of the crew that's also with me doing those flights and I said, "Yes."

I think his concern was not to have too many people involved, you know. This is his concern.

Q Why did you understand him to have that concern?

A It was what I thought because otherwise he wouldn't -- you know, for him, it wouldn't have mattered who's flying on it.

Q But he said he wanted --

A And he also said, "Don't talk to anybody here." So I thought he is very concerned about these things, so I think he doesn't want to have too many people knowing about these flights and -- but I thought at that time, really, that he was -- it was not the cargo itself, it was because of the flight from Tel Aviv to Tehran, you know, because for their own people in Iran, it would be bad if they would make business with them now and --

Q All right, if we could -- I think the point in the story that we had gotten up to was the telephone call to m [redacted] from the hotel --

A Yes, I think it was from the hotel. I just told him that we are there and everything is all right and everything is done.

Q What did you and m [redacted] talk about with respect to the remaining flights that needed to be done?

A Yeah, and then I told him that it took a long time, you know, to load the airplane and that I was a little bit -- how do you say -- can't remember the word now, and out -- I didn't like this.

Q You were upset --

A The operation, the operation in Tel Aviv, I didn't like it. It was terrible, you know. Nobody is responsible here, really, and it is difficult to get it going. And he said, "Don't worry. Don't tell anybody, but you fly back [redacted]," I think we went [redacted].

Q He told you -- let me see if I understand what was being said. He told you that the plan would be for you to fly directly back [redacted] is that right?

A Yes, and I think it was not because I was complaining about service or things like that. I think it was not a reason for that.

Q What other reason was it?

A I don't know. I didn't talk and, even later, I did not ask him why. He said he didn't like it, you know.

Q He didn't like what?

A The flights.

Q And what didn't he like about those flights?

A The operation of these -- how it goes on them. Maybe it was money; I don't know. I never asked him because when I flew back afterwards, I had a next flight going [redacted] again and we haven't seen each other for a long time and so -- we never mentioned this again, really. He had a certain reason for that. But I don't know what it was.

I think we had some maintenance anyway, and -- to do. Maybe it was an engine change, which we would have -- it was -- I mean, we could have done another flight probably, but not more because you have to do an engine change and maintenance at a certain time, you know, depends on hours.

Q All right, let me ask you a couple of specific questions about the phone call with [redacted].

I take it from what you've said that he communicated to you a decision that [redacted] would not perform any additional flights back and forth between Tel Aviv and Iran. Is that what he told you?

A No. He just said, "I tell you what, tomorrow you tell this guy I was always with in Tehran, tell him we have to do some maintenance," I think it was, "and we will tell him when we come back," or something like that, and "You proceed home [redacted]."

Q Was the plan that was reached in Tel Aviv to fly from Tehran to some other city and then back to Tel Aviv; was that the original plan?

A No -- I thought so, I thought so. I thought that we have something more important to do, you know, an urgent flight or something, but I had to go back [redacted] do this flight, and then come back maybe, you know, and as far as I remember, [redacted] told me that we will do another flight maybe later, but he didn't tell me any reason why he wanted me to go back.

Q Did [redacted] tell you in that phone call to make sure you got a full tank of gas when you were leaving?

A No, but -- I did it myself, you know. I think we filled up wings because it was for free; we got the fuel free.

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Q Let me tell you what [redacted] recalls about this. He says that when you spoke to him from the hotel, he told you to fill up your tanks all the way because you might be flying [redacted], rather than going back to Tel Aviv and that a decision was going to be made, perhaps in the air, while you were flying out. Is that what happened or do you recall him deciding while you were in Tel Aviv that you wouldn't be going back to Tel Aviv?

A I think he said, "Prepare to go back [redacted]," maybe he said to call me from the air, but I have to file the flight plan somewhere, no? So I really can't remember where we filed the flight plan to. Maybe the Iranians filed the flight plan for us. I really don't know.

But the wings, I think we had already filled up the wings, and maybe -- probably he said, "Fill up the wings," but I think we had done it already. Anyway, because it was cheap, it was nothing. We would have had the capacity of -- I don't know what. Everything was for free, you know.

Q All right --

A I'm not sure really. He's probably right. Maybe he gave me instructions in the air to proceed all the way back [redacted]

Q As I recall, he said it was [redacted] that you were to go back to. Do you recall that [redacted]?

A Oh, that is possible, yeah, that he said to go [redacted] but we landed [redacted].

MR. WOODCOCK: Let me add a little bit more.

As I recall [redacted] testimony, he said that he told you that there might be two possible destinations.

THE WITNESS: That was possible, yeah.

MR. WOODCOCK: That is, that one destination would be [redacted] and that you might sta[redacted], [redacted] for a period of time where the decision would be made for either to proceed [redacted] or to go back to Tel Aviv. That's not correct?

THE WITNESS: That is true, yes. Fly [redacted].

MR. WOODCOCK: Then he testified further that in fact, you didn't stop [redacted]; that the decision was made before you get [redacted] that you were just going to go [redacted] Does that sound correct?

THE WITNESS: I think yes, and we didn't land [redacted] -- didn't we? I don't know.

MR. WOODCOCK: No, his testimony was that you didn't land [redacted].

THE WITNESS: Yeah, that is true. They told us -- I really can't remember if it was [redacted] or it was another place, but it was en route, at least, and he said, "Yeah, that was correct." But he didn't say why. That's right, that's correct. Yeah, he said, "Proceed on."

BY MR. CAROME:

Q I guess my question is, then, when was it finally determined that you weren't going to be continuing with the movement of the cargo that was in Tel Aviv?

A You mean the --

Q When was it determined that you weren't going to finish the rest of -- moving the rest of the cargo?

A I think that was on the telephone when I talked after landing to him. Or was the next morning. It could be the next morning. I don't know. I think it was the next morning. Normally I call right away after landing, and maybe -- I can't remember because I called a couple of times from the hotel, maybe twice or three times, the office, and -- to check if there is any news, but I think I did not call from the airport after then -- from the airplane after then because we didn't have the ground power unit.

I really don't know that, but anyway, I called from the hotel and I just told him to -- that everything was fine and then he said -- he probably said, "Okay, go to sleep," or something and maybe call him back or I call him back.

I think I called him again. Finally, anyway, that was shortly afterward. And I didn't ask any questions and he said, "You are going -- I think you are not going -- further flights for them and you get instructions."

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q Let me see if I understand this. There is -- as I understood m [redacted] testimony, there was a point at which he developed a question in his mind as to whether any further flight from -- with this Tel Aviv connection -- should occur. He did not, however, make a decision that there would be no more flights necessarily from Tel Aviv, but that he reached a point where he felt perhaps there would be a delay before there would be any more flights to Tel Aviv.

A That is correct, yes.

Q Okay. Then later, there reached a point where a decision was made that there would not just be a delay; there would be no more flights at all --

A Yes, yes, yes.

Q -- from this Tel Aviv connection.

A Yes.

Q And I think what Mr. Carome is trying to determine from you is, first, at what point did -- was the decision made that there would be a delay in flights --

A That's true.

Q -- and second, when did you become aware that there were going to be no more flights at all?

A Yeah. m [redacted] made better notes and I didn't do it.

Q We're asking only for your best recollection. You're not -- we understand that you didn't make notes of this so it's whatever you best can recall.

A Yes. Let me see when it was. I think it was when I was in the hotel and I talked to him that he said, "You're proceeding -- there might be no more flights," or "You're not going to Tel Aviv; you're going [redacted] and then on the way to the west, respond when you're in the air. Call again and let me tell you where to go."

I think that the question was only going [redacted] -- to continue with [redacted] was to continue for the other airline. One airplane was [redacted] and the other one was flying for this airline.

And this was -- he told me -- I mentioned this -- when do I go there again? He said --

MR. CAROME: m [redacted] did say that you had -- that someone on the crew had purchased a carpet; is that right?

THE WITNESS: I wanted to go back, you know, and he said, I think, there be no more flights. That was -- maybe it was two weeks later, something like that. One week later, two weeks later, I don't know really when it was.

BY MR. WOODCOCK:

Q So when you were in Tehran and you called [redacted] you came to understand that there would probably be a delay in the shuttle flight plan, and then I gather from your testimony that it wasn't until perhaps two weeks later or 10 days later --

A Yes.

Q -- that you came to learn that there would not be any more flights at all --

A Yes.

Q -- involving the Tel Aviv landing. Is that correct?

A Yes. Yes. At least, not in the future, I think, maybe -- but that is correct, yes. But I didn't know -- I didn't ask why, at least why we do not continue. In the beginning, I thought it was because of maybe money. He didn't come up with the money on time because he was paying us. He had been told by somebody else to continue this.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q But just so it's clear, you thought that, as late as 10 days or two weeks after the first flight, that there was some possibility of going back to Tehran; is that right?

A When I -- when we departed from Tehran going westbound [redacted] and then when I was -- I thought that we go after two days to do just maintenance or whatever -- I thought there was something else we had to go back because of another flight or something.

Q But you thought you were going to continue with the Tel Aviv to Tehran flights?

A Yes, yes, that's what I thought, yes. After a short time, after two or three days or so --

Q And about when was it, how many days later was it that you learned that the flights were off completely?

A I think when I had the chance to talk to M [redacted] I said, next flight, I don't know, but I don't think that we continue with that. It was not definite. It wasn't definite. If you want to know the date, I don't know really. It was not -- maybe it was a week after, 10 days after. I really don't know. I can't remember.

Q I take it you bought a carpet, or put money down on a carpet when you were in Tehran; is that right?

A A little bit.

Q Can you tell me about that?

A My carpet. Yeah, there was an exhibition there, but I think it is not really concerning this here.

Q But you gave someone money for a carpet; is that right, or you ordered a carpet?

A Yes. I was about the deal and I was -- it was 10 percent of the -- you know, he was asking for $10,000 and if you can pay me in dollars, you can pay me only 10 percent.

What I did was I -- because I remember, when I was there the first time, we had to go -- we were departing and we had to go through Customs again and they take everything out of the suitcases. You can take a carpet out, but you have to pay tax which makes it more than you can buy it here and so I asked this guy here, who picked us up, this Iranian guy, I said, "May I buy a carpet here?" and he said, "Yes, why not?" and then I said, "Well, last time, when we went through Customs, they were very difficult and I think it is not possible." And then I -- "Okay, I go with you." We went up to this guy and he saw that I wanted to pay with dollars and it was a big deal, you know.

So I said, "Okay, I come back tomorrow, keep it for me," that's all.

Q Because at that time, you thought you were going to be going right back; is that right?

A I hoped.

MR. WOODCOCK: That was before or after your talk to [redacted] from the hotel room?

THE WITNESS: I think that was after that.

BY MR. CAROME:

Q So did that perhaps now make you think that it wasn't until some point later that you learned from [redacted] that it was unlikely that you would be making any immediate flights --

A No, it was true already that we had to go back, either way, because when he told me, "Okay, go back, don't go to Tel Aviv, go there," for me it was that we won't do another shot immediately. It was sure, it was 100 percent sure. And -- but because he didn't tell me -- he said, "I'll tell you later" or something, I thought that we come back after certain time or a couple of days or whatever. But, of course, I didn't have any background on this. Probably [redacted] knew more.

He did not say on the telephone that was the last one and you go back and we don't go there any more. No, he didn't say this but he said -- he just said don't go to Tel Aviv; you go [redacted] I think it was, [redacted] [redacted] or he said go flile a flight [redacted] and there's a possibility that we have to land [redacted] and then change to a different route. Something like that.

Q What happened next in the story?

A Yeah, I think -- where were we?

Q We were at the point where you were having a phone conversation with [redacted]

A Yeah, well, yeah. I think I told this guy, the Iranian guy who was with me, yeah, he said -- I told him that we want to come back next day, but they don't expect us there. We have to do some maintenance. I think we have to do some maintenance, because we file the flight plan. He saw it. It was not Tel Aviv.

Q What was the destination on the flight plan?

A I can't remember. Maybe [redacted]; maybe [redacted] I think it -- I didn't tell him that I had been in contact with [redacted] and we would fly westbound.

I think he didn't like it, but I said, "Don't worry, we come back."

Q You went back to the airport the next morning; is that right?

A Yeah. It was in the morning or in the afternoon, I don't know. I think it was midday. We delayed a little bit the flight or the flight was a little bit delayed, the departure. I think we planned to go earlier, but because of overflight permit again, I said make sure, when I talked to the office [redacted] make sure we have all the permits and the problem was -- I get mixed up with the other flight -- yeah, anyway, we delayed a little bit the flight just to make sure that we don't have problems, but I think the delay was to coordinate our flight with the Air Force, the Iranian Air Force, and I think that is what they told me. I think he said, "We have to coordinate this and it is very difficult to coordinate." They have to tell -- because we're not scheduled flight, it take some time, he said.

But he said, "There will be no problem, no problem," because if somebody is in the air, then it could be a plane from Iraq, so he had to coordinate all the stations and I think we left midday -- yeah, and he took us to -- he came in two cars and he took us again so we didn't have to go through Customs and all this.

Q And did you request that the tanks, the fuel tanks, be filled up?

A I think we had full tanks, yes, but I remember that [redacted] told me to take full tanks, but it was already done, I think.

Q [redacted] report and his testimony suggested that when you asked the people on the ground in Tehran for full tanks of gas, they were disappointed because they read from that you weren't going to be returning directly to Tel Aviv. You were taking more gas for that and I think they feared that that meant that the operation wasn't going to be proceeding.

A I don't know that.

Q Do you recall that?

A It's possible.

Q Was there some concern --

A This guy -- I don't know whether the concern -- because when we took full tanks that we would not come back, it was too much. I think it was a concern because of his money because, you know, he thought that we would maybe put 20 tons on, which is, say, $10,000, but we took full tanks, which is maybe $30,000. I think it was the money he was concerned with, not the amount of fuel, actually.

Q But he certainly thought that there were going to be more flights, right?

A Oh, yeah, he was sure.

Q And you --

A I told him we were coming back.

Q And he wanted them to happen sooner, rather than later; isn't that right?

A Of course, yes.

Q And was he saying, "Hurry up and come back soon"? Did he say, "Please come right back"?

A I think he said, "Why don't you have more onboard, more cargo?" and I said, "You can see that we can't put more on." I said, "You should have used the 747 for this, no, and you would have everything here."

Of course, he was pushing, you know, he was pushing. He said, "Come back soon" -- he didn't say, "Come back soon," but he said, "Okay, 10 hours there and or 15 hours there and another 15 hours back."

Q Did you see any of the unloading happening when you were in Tehran?

A No.

Q When you got back to the plane, it was all unloaded, is that right?

A Yes, and everything was finished. I only -- and as far as I remember, he didn't want the loadmaster to be there and I think they took us immediately off the airplane and brought us to the hotel. They didn't want to have anybody there. I think it was because he didn't want to have contact between us and the other people there.

MR. WOODCOCK: Was that again because of his concern about where the flight had originated from?

THE WITNESS: Yes, yes, yes. Well, he didn't tell me that, of course, but --

MR. WOODCOCK: That is your assumption.

THE WITNESS: Because he told me, "Don't tell anybody. Don't tell anybody that you are coming from Israel."

Then I went down from the airport to --

(Telephone call.)

MR. CAROME: Let's go off the record for just a second.

(Discussion off the record.)

MR. CAROME: Back on the record.

THE WITNESS: I forgot what I was going to say.

Oh, yeah, from the airport, they drove us from the airport to the hotel, about 30 minutes, 40 minutes ride, you know, and I saw on the walls big, big jail there, maybe 10 miles long with high walls and you see big letters, you know, "Down with USA," and also against Israel and then you understand that he was concerned if somebody would have heard that we were coming from Israel.

They are really -- they hate each other very, very much.

BY MR. CAROME:

Q Did you have any discussion with this person about what the cargo was that you were carrying? Did you talk about what was in the boxes?

A No.

Q Were you able to tell whether or not any of the Iranians had inspected the cargo?

A No. They inspected it, the cargo, earlier, I think, and said, "You are late," and all this, and because they off-loaded it so quickly, I thought they really needed it, and I didn't talk. And this guy, who was the leader, he didn't talk much.

Q Was he giving orders to people?

A Yes, he was. He was a young fellow, maybe 35, 40. Maybe I'm wrong, maybe he was 45.

Q Where was the cargo when you went back to the airport? Was it near the planes?

A It was gone now. It was not there anymore.

Q Do you know what happened to it?

A No.

Q You didn't see any of it being driven off?

A No, but there was a hangar nearby. I think maybe it was in the hangar, but I don't know really. I don't think that they would have kept it there. They probably drove it away.

Q Did anyone during the time that you were there tell you that they were happy with the cargo, unhappy with the cargo?

A No. No. But I think they were happy.

Q What makes you say that?

A Well, because they were very friendly to us and when we left, I said, "We would like to buy some caviar and some" you know, these nuts, and they had to -- they had everything for us. I said I wanted to pay, "No, no, that's for you, and thanks so much for coming," and all this.

MR. WOODCOCK: They also made it clear to you that they expected you to return --

THE WITNESS: Oh, yes.

MR. WOODCOCK: -- with more cargo.

THE WITNESS: And that's what he told me actually. He said, "Where is the rest of the cargo? When you bring the rest of the cargo, no?"

MR. WOODCOCK: If they'd been unhappy with the cargo, presumably they wouldn't be asking you for more.

THE WITNESS: No.

BY MR. CAROME:

Q What happened on the flight out of Tehran?

A Out of Tehran, I think it was the same as we came. It was a little bit off airway again.

[redacted] and then came up with the same frequency changes again, the way coming, and they wanted to know information, [redacted] and but nothing special really.

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Q And were you in communication with [redacted] while you were flying [redacted]?

A Yes, but I can't remember, really, what I said but I must have been in contact with him because when you say he said we were supposed to go to file flight plan [redacted] I really don't remember this really so much because for him, it probably was important. For me, it was not important where I have to file the flight plan because the next flight was the next day and -- but he probably noted everything and wrote it down.

I was sure I was in contact with him and they told us to go [redacted] Or maybe it was just a confirmation that they say, "Okay, we confirm you. Proceed [redacted] and take the next flight which is departing in the evening."

Q It's not a significant point, really, in my mind, but [redacted] report indicates that the plane went back [redacted] Does that ring a bell with you?

A I don't think so.

Q You recall that you flew back [redacted] is that what you're saying?

A I think we flew back [redacted]

Q Okay.

A It is possible, but I thought I flew back [redacted] [redacted] That doesn't matter anyway.

Q When did you next talk to [redacted] after the flight? I believe he recalls that he -- either that day or the next day, debriefed you.

A Yes, right. I think he wanted to have a report from me, a briefing report. I don't know if we did it on paper or if I just talked on the telephone. I think I just talked on the telephone. I wrote something down, all the details because he forgets things, you know, and I passed it to him.

Q Where did you pass it to him? I mean, did you meet him face to face?

A I don't know really. Maybe he was [redacted] when I talked to him on the telephone. I really don't know.

For me, it was not important, really, this -- the whole thing, but -- because I had -- for me, it was nothing really difficult. It was just interesting, really, but nothing really difficult. We had some flights before where we had really problems and those flights I don't forget, you know, but this, for me, was not really special.

But at least, it was shortly after -- maybe it was two or three days later -- probably the same week, that I gave him a report about it.

Q When you gave him a report on what the flight had happened, did you tell him, either orally or in writing, that you thought that the cargo had been missiles?

A No.

Q Let me just --

A No, it was just an operation, really.

Q [redacted] had testified that one of the crew members -- I don't know if he was referring to you or someone else -- told him at some point after the flight that one of the crew had said, "Why didn't they just shoot those things over to Iran?"

A Yes, I think so, yeah.

Q Was that you? Was that your joke?

A I don't think so. It sounds familiar to me, though.

Q Who said that?

A I don't know who it was.

MR. WOODCOCK: Did you have some discussion with the other crew members about your suspicion that this cargo might have been missiles?

THE WITNESS: Uh --

MR. WOODCOCK: And I'm speaking either while the operation was under way --

THE WITNESS: Probably briefly. You know, I mean, you talk about it, going to Tel Aviv and going to Tehran and you don't have this every day, you know, and we were talking a little bit but -- I think it was not -- better not to talk about it.

MR. WOODCOCK: Once you emerged from Iran and you were not -- you found you were not going back to -- at least immediately, to Tel Aviv, there would be less reason not to talk about the cargo; is that right?

THE WITNESS: Yes.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q And if you had suspicions that it was military equipment, then you and the other crew members would probably have felt more free to talk about your thoughts that perhaps this was missiles; is that right?

A No, you probably think this is different because you are affected more, but for us, it was not really -- was just a flight really.

Q Well, let me put it differently. When you're in Tel Aviv, no one is telling you what the cargo is; is that right, they're just saying general cargo.

A Yes, yes.

Q So you would have felt a little concerned about bringing your crew together with perhaps the Israelis nearby and saying, "Well, these guys are telling us it's general cargo, but you know, I think it's missiles."

Would you have felt some concern about that? In Tel Aviv?

A Yes, I think --

Q Okay. When you suspected it was missiles, you didn't confront Mr. Schwimmer or anybody else and say, "Well, you're not telling me the truth. I know it's missiles"?

Right?

A No, but to tell you the truth -- because nobody talked about this and I thought they had a reason for that, you know.

Q Right.

A They must have reasons, and I think that is, you know, an important thing and -- not to talk about this and --

Q And so you and the crew were not discussing so much among yourselves what the cargo was at that point because there was an understanding that the people who were your customers didn't really want to talk about what the true contents were; is that right?

A Yes.

Q Okay. Then you get to Iran and you're dealing again here with a person who is concerned about the origin of the flight; is that right?

A Yes, yes.

Q And you're also in a society that very clearly is a closed society; is that right?

A (Witness nodding affirmatively.)

Q Now, did you feel some restrictions on -- you and the crew feel some restrictions about freely talking in front of people about what your suspicions were about the true content of the cargo when you were in Iran?

A No.

Q You didn't?

A No, really not because --

Q Do you recall when you were with the crew --

A Everybody was calm, it was surprising. Maybe because we were tired. You know, when I flew to Tel Aviv, I had a very long flight, maybe 16 hours already, and you know -- and then they came -- I remember I was very tired and very little sleep. No, we didn't talk very much. We mentioned this, but only once, I think.

Q While you were in Iran?

A No, that was still in Tel Aviv. In Iran, we didn't talk about this.

Q Okay. So while you were in Iran, you didn't talk to the -- you and the crew didn't talk about what the contents of the cargo were?

A No.

Q And what I'm driving at is that because you felt some constraints, some -- let me say, restriction by the nature of your being in Iran and this being an Israeli-originated flight in not talking among yourselves about it?

A No, but I was a little bit -- I was a little bit surprised, but we didn't talk about -- you know, what kind of cargo. We did not talk about it because he said we may not talk about it, but for me, it was a bit strange, the whole thing, because I know the relations between the USA and Iran and Tel Aviv. And --

Q How did the US come into this?

A I think they worked together with the Israelis.

Q You had a concern about the relationship between the USA and Israel and Iran and that caused you some concern as far as discussing the flight is concerned; is that right, or discussing the cargo?

A Well, flying there, you know, and -- it was a bit strange for me.

Q But how did you understand that the United States was involved it that?

A There is nothing there -- I shouldn't have said this, because there was nothing. Now, maybe I read the newspaper and -- by that time, it was -- I think -- maybe I shouldn't have said this. It's not nothing, really.

Q Well, now, you've got me confused.

The -- you go to Tel Aviv and, therefore, you understand that Israel is involved, and while you're on --

A (Witness nodding affirmatively.)

Q You have to respond "Yes."

A Oh, yes, yes.

Q And while you're in Tel Aviv, you come across cargo that you suspect, you believe is possible that it's missiles. Is that right?

A Yes.

Q And you fly to Tehran and so you understand that Iran is also involved here; is that right?

A Yes.

Q And then you have just said to me that one of the concerns you had was that there was a U.S. -- that you were concerned because there was the U.S., there was Israel, and there was Iran --

A Yeah.

Q And now I'm trying to understand how it is you came to develop in your mind an understanding that the United

States had anything to do with this.

A Not really, no, I shouldn't have said this, but I think if Israel is selling something like this, say, need permission from the USA.

MR. CAROME: What makes you think that?

THE WITNESS: Everybody knows that. I think they are very close -- Israel is very close to the USA and I think that they produce, the Israelis produce arms and the U.S. license --

BY MR. WOODCOCK:

Q You're telling us that to the extent you've assumed that these were missiles, you assumed that they either were created under license from the United States or imported from the United States; is that right?

A I don't think they were imported from the United States, but -- because they produce -- I know that they produce -- they are selling -- Israel is selling arms to -- you know, to the whole world.

Q Okay. Let me put the question differently.

Was it your understanding, and this may have been a guess on your part, but it was your guess that because you were dealing -- you felt you were dealing with missiles here, that they probably somehow had a U.S. connection; is that right?

A No.

Q Okay, now -- see, now you've got me confused again.

How is it that you understood that there was some kind of a U.S. role in this shipment?

A No, this is -- you've really got me wrong. I think that, as I said, maybe I'm wrong, I don't know, what was in there, but I thought -- it looked like missiles and if we are going to sell this to Tehran, I think we have to have a permission --

Q Permission of the United States?

A Yes.

Q Because you're assuming that the missiles either have -- are created under some license from the United States or have come from the United States originally; is that the idea?

A Well, I don't know what the procedure is, but I know that they are producing this stuff and --

Q That is, Israel is?

A Yes. And that they are selling it because we had applications to fly to other states from Israel and that's all.

Q Okay, let me --

A That is my own opinion.

Q I understand, but --

A There is no indication, really -- there are no indications that the Americans were -- but -- because, as I said, there were no signs on this stuff and nobody talked about -- nothing at all.

Q I understand --

A Except my own --

Q Well, I understand that that's your own opinion, but I also understand from your testimony that you have been flying cargo airplanes for many years and you're very experienced in this field. Is that right?

A Yes.

Q And you would understand that -- or you understand from your experience in this field that Israel does provide arms to other countries in the world; is that right?

A Yes.

Q Now, what Israel produces on its own, it can sell without the permission of the United States; is that right?

A I don't know.

Q Well, I mean, if --

A I don't think so. I thought that's not like this.

Q Well, let me ask the question differently.

Do you understand that whatever Israel produces, it needs -- in terms of armaments -- it has to get the permission of the United States to transport to another country?

A To a certain country, I would say yes.

Q So that's just your understanding and you're not an expert in the field, you would admit that.

A No.

Q But your understanding would be that if Israel were going to traffic in a particular -- with a particular country in arms, that it needs some kind of approval from the United States. Is that right?

A Yes.

Q Now, is that the reason why you felt that there must have been a U.S. connection when you said earlier that you thought there was a U.S. connection? Is that the reasoning that you were going through?

A A little bit, maybe, because I have read newspapers now and all this. Maybe it's why I said this, but I think that they have to have -- that they would ask.

Q And that's what you were thinking --

A I don't know if this was done or if it was, you know --

Q Okay, well, I'm not asking you to say that what you assumed was true or not, that it was true in fact. I'm not asking you that. What I'm trying to drive at is whether what you assumed was true or not, what precisely it was you were assuming. That's what I'm trying to get you to answer, and I want to review your testimony on this point.

First, your understanding, whether it was true in fact or not, was that if Israel was going to transfer arms to another country, it needed the approval of the United States; is that right?

A Yes.

Q And that was your assumption as of November of '85, is that right? November of 1985; is that right?

A (Witness nodding affirmatively.)

Q So, when you testified a moment ago that you were -- that you assumed that there must be some U.S. connection in this flight, your assumption was based on your belief that in order for Israel to transfer arms to another country like Iran, there had to be some point at which the U.S. approved it, is that right?

A Yes, that's what I think, yeah.

Q So what you're saying is -- what you're saying is not necessarily that what you -- when you mentioned the United States, it wasn't because of what you read in the newspaper, it was because of your understanding or your belief --

A Yes, I think that's --

Q -- as to what the relationship between the U.S. and Israel was on international arms transfers originating from Israel; is that right?

A Yes.

Q Okay.

A But they never mentioned really the U.S. -- never --

Q Well, the Isralis never mentioned the United States.

A Never, ever. I mean, not in Tehran either, not anybody.

Q Did you mention the United States when you were in Tehran?

A What?

Q Did you mention the United States to the Iranians when you were in Iran?

A No, but --

Q Did the Iranians mention the United States to you --

A Oh, no.

Q -- while you were in Iran?

A They only mentioned Israel, when they said, "Don't say that you're coming from Tel Aviv." That's all.

MR. CAROME: Could we go off the record for just a second.

(Discussion off the record.)

MR. CAROME: Back on the record.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q I take it that you left Iran -- you flew [redacted] and you remember flying [redacted] is that right.

A Yes, but maybe [redacted] I think it was [redacted] but it doesn't matter anyway.

Q All right, and after you landed [redacted], when was the next time you spoke to M [redacted]?

A Yes.

Q Was it that day?

A It was not that day. It was a couple of days later.

Q You saw him in person?

A I'm not sure, really, did I saw him in person or did I talk to him on telephone. I think I saw him in person [redacted] but I'm not sure about this, really.

Q Is it possible that you saw him [redacted] the very same day that you left Iran?

A It wouldn't be possible, no, because -- what time did I land there, I don't know. I don't think so. No. I mean, you probably have the log book, don't you? These times are correct. Let me look. I doubt it that I saw him the same day. It is impossible.

It would be possible the next day, but the same day I think is not possible because we probably land in the evening, wherever it was, [redacted], and then, you know, until you get off the airplane and they have parked the airplane, always --

Q It was 2:15 p.m., Washington time, that the plane left Tehran.

A It is in the afternoon, then. It is 2:00 in the afternoon, then.

Q Two in the afternoon here in Washington, so that would have been --

A Oh. Six hours later, then.

Q GMT, I gather it would be --

A 1400.

Q 7:15 p.m., maybe that would be 1900, 2000, Greenich Mean Time, I think, that you would have taken off from Tehran.

A That late? I thought it was earlier.

Well, anyway, that would put us [redacted]

Q So did you arrive [redacted] after dark?

A As far as I remember, we arrived in the evening, and -- well, it's a problem now, I get mixed up a little bit with the first flight. I remember that we -- as to this flight or the first flight, but maybe it was at the first, we had a little party somewhere with the crew. I don't know now was it the first or second flight, I don't know.

I can't remember.

Q All right.

Did you talk to [redacted] more than once in the air while you were flying back?

A I don't think so.

Q You remember just one time you talked to him?

A Yes.

Q And that would have been the time he directed you to go back [redacted] Yes?

A Maybe it was -- maybe I didn't even talk to him. Maybe it was somebody from operations. I think I was supposed to call operations [redacted] and I think they just relayed something. I really can't remember did I talk to him or did I talk to somebody else. I don't know.

Q In any event, you have a recollection, I take it, that there was a joke made about why didn't they just shoot the missiles over to Tehran; is that right?

A Yeah, I remember that, yes.

Q And do you remember -- was it you that made the joke?

A No, I don't remember that really.

Q And do you remember who made the joke?

A No, but I must ask my colleagues who were with me. No, I don't know, really.

Q Do you remember the joke being told to [redacted]

Answer for the microphone.

A Sorry, no.

m

Q Do you recall ever speaking with [redacted] about the fact that it was your understanding or belief that it was missiles that were in the boxes?

A I can't remember that. I think I just mentioned it, as I said, there were some boxes. Maybe I said, "They look like missiles," but I'm not sure.

Q And when did you tell him that?

A When? That was in Tel Aviv, but -- because -- I think I asked him, you know, "What kind of cargo do we have there, what it is?" I think we talked about it briefly. He probably said, "No, and keep me advised," something like that.

I think he didn't know really.

Q So you felt that the burden was on you to tell him --

A Yeah, I think it was like that.

Q -- what the cargo was, is that right?

A Yes, it was.

Q And so what did you tell him? You told him in Tel Aviv that the boxes looked funny, I think you said at one point.

A Yes. The boxes looked like -- maybe I said, "look like missiles," maybe not, I don't know whether I said that.

"We have boxes."

Q I guess --

A You know, I would like to be honest and I would like to tell you more, but I'm really sorry, but this is such a long time ago and, as I said, for me, it was nothing really special. m [redacted] had notes more than me, than I know, because he made the arrangements. He was general manager and I think I don't have to ask if he knows what it is, anyway.

Q Well, let me just see if I understand what your testimony is. I gather you recall talking to m [redacted] from Tel Aviv about the cargo; is that right?

A Yes.

Q And you told him that the boxes seemed large and maybe you didn't know what the -- well, what did you tell him?

A I'm trying to --

Q I gather from what you said before --

A -- remember.

Q -- that you thought that you may have told him that you thought it was missiles; is that right?

A Well, as I said, the first time, we were in the hotel in Tel Aviv, my colleague [redacted] he was on the telephone all the time with him and he told me that -- until that time, I didn't know -- he told me that I have to go to

Tehran and -- but he didn't tell me what cargo is and when I talked to [redacted] it was the day after, and --

Q That was after you had a chance to see the boxes, right?

A Yes. I think, yes, it was like this, but our concern was really the money because he told me, "Don't do anything until they pay you," and I said, "Okay, now I leave and they don't have the money," and it was my concern. Not what we have -- not what the cargo is like. It was really the money, the payment.

Q You said a moment ago that you may have told him it was missiles; is that right?

A Yes. I may have.

Q You're not sure?

A Not sure, no.

Q But you do recall that you told him that there was something funny about the cargo; is that right?

A I think I told nothing funny, but that we have off-size boxes like this, you know, and long -- maybe I said they looked like missiles. Maybe I said this.

Q But you're not sure?

A I think I said this, but I'm not sure.

Q Do you think it is more likely than not that you said that?

A I don't know. I don't know. I think I mentioned it and -- but as I said, I think there was more concern about the money because if I would have done it without his permission to go without money, then I must be crazy because it is a business, you know.

But I think that was the reason why I called, not what kind of cargo. It was only if he agrees -- if I fly without money, if I fly without this payment, this downpayment.

Q Who did you understand the customer was on this flight?

A I don't know. I didn't ask [redacted] He must have known the customer. The Israelis, of course, because they had to pay me; they were supposed to pay me, the company.

Q Did you understand it was the Israeli Government?

A Must have been.

Q Did you think it was the United States Government?

A No, but the Israeli Government must have been because -- you need -- to do such a deal between two parties which are not involved -- which are against, you have to have probably -- must come from government.

Q And you --

A The deal must have been between the government.

Q Did you think that Mr. Schwimmer was associated with the Israeli Government?

A Yes.

Q Were there any special insurance arrangments made for the flight to Tehran in November?

A No.

Q Did the question of insurance come up at all?

A No. I think it came up very quickly, the whole thing.

Q How did it come up? What was discussed about the insurance?

A Oh, no, insurance, not at all. I mean, the flight itself came up --

Q Oh, I understand.

A -- very quickly so it wouldn't have been time, really, to do this. They would have no -- I think there would have been no time, really, to have --

Q I'm sorry, I misunderstood you.

Do you recall any discussion in Tel Aviv about trying to take two of [redacted] planes in, taking both planes in through formation flying?

A No. No.

Q Do you recall any discussion about repainting the --

A No.

Q -- U.S.-registered plane so to disguise its identity?

A No. I never come up with this.

Q Did anyone describe the cargo to you or say that the cargo should be referred to as oil-drilling equipment?

A How was that -- I think I did it myself.

Q Did you hear anything about references to the cargo as oil-drilling equipment?

A Sounds to me familiar, but I think I put general cargo on. Maybe they're telling me that, but oil-drilling equipment to -- Tehran, they have oil.

I think it is possible, but I heard something about this.

Q You can't place the reference; is that right?

A No, I can't place the reference.

MR. WOODCOCK: Was that at the time or was that sometime later that you heard this reference to oil-drilling equipment?

THE WITNESS: I think it was in Mr. Schwimmer's office.

MR. WOODCOCK: Was that in the form of some advice to you?

THE WITNESS: I think so, yes, because I said, look, when I land [redacted] I need the cargo manifest and I have to present it to the people [redacted] They need it, they want it. What do I put in? Maybe he said put in oil-drilling equipment, but -- I think it was there.

BY MR. CAROME:

Q I take it never occurred to you that it was oil-drilling equipment that you were shipping, did it?

A No, no. I flew oil-drilling equipment --

Q And this didn't look at all like oil-drilling equipment, did it?

A No. No. I don't know, maybe it's possible, but I never seen it.

Q You've never seen oil-drilling equipment that looked like this, had you?

A That's correct, yes.

MR. CAROME: If you have some questions, why don't you go ahead.

MR. WOODCOCK: I have just a couple of questions.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q When you were in Tel Aviv, who paid your hotel? You and the crew?

A I really can't remember. It was -- I'm sure that I paid it once. But was the first time or the second time, I don't know, because I have forgotten my -- I have forgotten the bill once and -- you know, to take along because the company will pay me back, so we sent a telex there and then after two weeks, the bill came, but I cannot remember was it the first flight or the second flight or both, really, where

I had to pay the hotel.

MR. CAROME: I think you may be confusing his question. I think he asked about the hotel in Tel Aviv.

THE WITNESS: Oh, Tel Aviv, I did.

MR. WOODCOCK: You did?

THE WITNESS: Yes. I thought you were talking about Tehran.

BY MR. WOODCOCK:

Q Are you familiar with a cargo airline by the name of Gemini?

A Yes, I heard the name.

Q Do you know where it's located?

A No. There was a company, English company, with this name, but I don't know where they are located, but you are probably talking about another company.

Q Do you know of one that's associated with the African country of Guana?

A You are talking about DC-8?

Q It might be.

A Well, I heard -- I really don't know. There was -- when we were [redacted] with this airplane, our hangar was there, and when all this was in newspaper, somebody said that -- you know, in the newspaper, they mentioned that we went continuously like this and I heard then that somebody else went to Tehran. It was a DC-8 and registered, I think, at least in the beginning, it was registered in Africa, someplace, and I think he was -- the owner was Persian or French, but I don't know if it's true.

Q Do you associate that with Gemini?

A No, they -- different name -- Volkan Air, but maybe he has changed -- somebody told me that he went there, or is it this airline -- what was the name of this -- I think it is an American owner -- do you have any more information?

Q No.

A I heard there was another airplane [redacted] and there are some funny airplanes sometimes, you know, that one airplane operating and they're owned more or less -- and I also heard that he went to Tehran with arms, but I don't know for whom. I think he was flying for the Polish -- from Poland.

Q All right.

A By the way, we had also applications from -- in our office [redacted] -- to fly to Tehran [redacted] If they are looking for airplanes that are available because nobody is interested in this, but anyway, it was -- it goes through a broker anyway. The broker will pay you and then --

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q While we're on this subject of other airlines, I have one airline I wanted to ask you about. Do you know anything about [redacted] Have you ever heard that name?

A Yes, I heard it.

Q Do you know where they're located?

A I don't know if they still exist. I think that -- you know, the second airplane we had, which was leased to us, I think it came from there. I think it was flying for [redacted]- for this -- or it was a private owner and -- I might be wrong now because there are so many different airlines.

I think this airplane came from there.

Q This is the leased airplane?

A Yes, but this was sold -- this airplane -- if it is the same, I am not sure, but I think it came from [redacted] [redacted] Or maybe there were more airplanes. It was under -- for sale, and the American bought it.

Q You said, [redacted] I said -- are you -- my question was about [redacted]

A Oh, no, that was [redacted] sorry, it was [redacted] [redacted] No, no, that was [redacted] But I think it is the same place [redacted]

MR. WOODCOCK: [redacted] is operating out [redacted] or was headquartered [redacted]

THE WITNESS: I think it was [redacted] Our flight engineer, I think he was flying there. He would know it, [redacted] I think he was there for a couple times, but he pulled out long time ago.

MR. CAROME: He was flying with which?

THE WITNESS: [redacted]

MR. CAROME: I see.

THE WITNESS: [redacted] -- I think they are coming and going -- so many small airlines, so -- with one airplane and they are flying for half year and they cease operation -- no.

BY MR. CAROME:

Q All right, on another subject, when you first arrived in Tel Aviv for this November 1985 flight, was there any discussion at all about the destination out of Tel Aviv being someplace other than Tehran? Was the initial plan to take it to another country [redacted]

A No, no, no, but this place you mention in the beginning, I think they talked about this, but I can be wrong now. Maybe it was on the first flight. Tabriz.

Q Tabriz, you remember --

A Tabriz. I'm not sure now, was it the first time or the second time? They were talking about this, but not seriously, actually, to land there.

Q And you don't know anything about why they might have changed the destination from Tabriz to Tehran; is that right?

A No, but maybe there's no fuel.

Q It might have been a fueling requirement?

A I think they have problems with fuel. Tabriz was an airport open for everybody now, I think, and now in Iran, they only use Tehran -- or they still go there probably, but they have difficulties there.

Q Difficulties getting fuel there?

A Fuel and everything there. Yes.

Q Do you remember a discussion there about, at the time, about not being able to go to Tabriz because of a refueling problem?

A I think -- but I'm not sure whether the first or the second, really, I get mixed up a little bit, but I think it was myself that said, "It's probably no good to go there because of fuel," because I heard from somebody else that they have no fuel or they have other problems.

Q What other problems?

A Like, let's say, no -- you cannot do an instrument landing. You know, you can only land in daytime or something. I heard it from a person who was flying. Tabriz is not good anymore. If you get there at night, it is no good.

Q And as I understand what you're saying, on either one or the other flight, there was some discussion --

A Yes.

Q -- about possibly going to Tabriz --

A Yes.

Q -- and you can't remember whether it was the first flight back in August --

A That is correct, yes.

Q -- or the November '85 flight.

A Yes. And I don't know from whom it came from -- who talked about this, maybe it was -- was it the Israelis or was it somebody from our side, I don't know, but I heard it, I heard a discussion of it -- that it was no good.

Q Did you ever fly into Iran again after your --

A No.

Q -- November 1985?

No?

A No.

Q Are you aware of any [redacted] flights into --

A No.

Q -- Iran after 1985?

A No. We were there only twice.

MR. CAROME: I think that's all we have.

Okay.

MR. WOODCOCK: Before we go off the record, I want to thank you for coming all the way here and sitting through all this. You should be aware, as I think you probably are, that your English is excellent.

THE WITNESS: Oh, no, I wish it were better. I am really tired, you know. To me, it is now midnight almost.

But -- maybe it is not much, but on the other hand, I don't want to speculate, but this probably caused complications, however.

MR. WOODCOCK: Well, we appreciate your coming.

THE WITNESS: You're welcome.

MR. CAROME: Thank you very, very much.

[Whereupon, at 5:20 p.m., the deposition was concluded.]

UNCLASSIFIED ~~TOP SECRET~~ [redacted] 9/1/87 ORIGINAL

DEPOSITION OF JAMES R. RADZIMSKI

Wednesday, April 29, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan
Resistance
Washington, D. C.

Deposition of JAMES R. RADZIMSKI, called as a witness by counsel for the Senate Select Committee, commencing at 9:35 a.m., at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., the witness having been duly sworn by RAYMOND HEER, III, a Notary Public in and for the District of Columbia, the proceedings taken down by Stenomask by RAYMOND HEER, III, and transcribed under his direction.

UNCLASSIFIED ~~TOP SECRET~~ [redacted]

Partially Declassified/Released on 6 June 1987
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1433

APPEARANCES:

On behalf of the Senate Select Committee:

MARK A. BELNICK, ESQ.

VICTORIA NOURSE, ESQ.

On behalf of the House Select Committee:

CLARK B. HALL, ESQ.

DIANE DORNAN, ESQ.

ALSO PRESENT:

C. DEAN MC GRATH, JR., ESQ.

PETER KEISLER, ESQ.

White House Counsel

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TOP SECRET [redacted]

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PROCEEDINGS

Whereupon,

JAMES R. RADZIMSKI

was called as a witness by counsel for the Senate Select Committee and, having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. BELNICK:

Q Jim, would you state your full name for the record?

A James Raymond Radzimski.

Q By whom are you now employed?

A I am with TRW.

Q But prior to that you were with the NSC staff?

A That is correct.

Q That is the NSC, an arm of the National Security Council?

A Yes.

Q What was your position?

A I was an administrative support specialist for the NSC.

Q During what period of time?

A From August of 1983 through October of 1986.

Q And what were your responsibilities as an

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administrative support specialist?

A I was responsible for the administrative, NSC administrative correspondence within System IV, and I also assisted the Senior Director for Intelligence Programs, Ken deGraffenreid, on an administrative basis.

Q Would you describe what you mean by System IV. I take it the four there is a Roman numeral four?

A That is correct.

Q Would you please describe what you mean by System IV?

A I was charged with the responsibility of maintaining the original document file for any System IV material that was originated by NSC staff principals, forwarded to the National Security Advisor and then returned with a decision.

Q What is System IV? At the NSC, what is a System IV document?

A A System IV document is a correspondence from an NSC principal to the National Security Advisor which dealt primarily with either covert actions or sensitive intelligence operations or matters.

Q Now you said you maintained the original file for System IV documents, correct?

A Correct.

Q Where was that file maintained?

A That file was maintained in Room 300.

Q Room 300 of the Old Executive Office Building?

A The Old Executive Office Building, correct.

Q You said you had --

A I had two Mosler-type safes which were the actual storage for the material.

Q Who had access to those safes?

A Access to the safes primarily was mine; however, the combinations were maintained in an additional safe within 300, and access could be granted by any particular individual that worked in the office.

Q Access could be granted by whom?

A Well, access would --

Q I wasn't clear. You said access could be granted by any --

A Access to the System IV material could be obtained by any one within the office, any individual that worked in Room 300. They knew where the combinations were and they knew the location of it and so forth.

Q Now how many people worked in Room 300 during the roughly three years that you were in your position?

A Let me count. Why don't I just name names and then count that way.

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Q Why don't you tell me who was there in 1985.

A In 1985 there was, of course, Ken deGraffenreid. There was Vince Cannistraro. There was, I believe, David Major. There was Gilbert Rye.

Q Would you spell that last name?

A R-y-e. There was Patricia Rawson and June Bartlett.

Q Was June Bartlett Mr. deGraffenreid's secretary?

A Yes, she was.

Q And who was Patricia Rawson?

A Patricia Rawson, the secretary for Gil Rye.

Q Who was he?

A He was the director for space programs.

Q And David Major?

A David Major was Deputy Director for Intelligence.

Q And, of course, in addition to those persons you have just mentioned you worked in Room 300 as well.

A That is correct.

Q Who worked in --

A I'm sorry. There is one individual that came in, and that was Kathy Gibbs. She was secretary for Vince Cannistraro.

EXAMINATION ON BEHALF OF THE HOUSE COMMITTEE

BY MS. DORNAN:

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Q Jim, didn't other people also have access to that safe? My recollection is that in particular emergencies they could come over?

A That is correct. I'm sorry. That is correct. Thank you. The combinations were also maintained by George Van Eron as the Director for the NSC Secretariat. They were in a sealed envelope.

BY MR. BELNICK: (Resuming)

Q Were the same persons who you mentioned employed in Room 300 during 1986, during that period of 1986 while you were there?

A Gil Rye was not. He was an active duty Air Force individual that retired and his replacement was Gerry May -- M-a-y.

Q Otherwise the persons in that room were the same?

A Correct.

Q And the same procedures were followed with respect to System IV document filing in 1985 as they were in 1986?

A That is correct.

Q You left the NSC on October 25, 1986?

A Correct, I believe right around that date.

Q And you were succeeded in your position by Brian Merchant?

A By Brian Merchant.

Q Now let's go back to the procedures that you followed in filing System IV documents. If there was a change while you were there from 1983-on I am interested in the years '85 and '86. But why don't I ask you did you follow the same procedures throughout your tenure with the NSC staff?

A Yes, I did.

Q And what were the procedures you followed for filing System IV documents and making records of their existence?

A After an item that was identified to be in System IV was originated, it would be delivered to me with one copy.

Q Who would deliver it to you?

A It would either be delivered by the secretary of the individual that originated it and could be delivered by the originator or I myself may go down to receive it.

Q And that was the original that was given to you?

A That was the original. Subsequent to that I would immediately enter it onto a computer system that was an electronics record of the particular item, and I would identify it -- what the subject was and so forth, and who the action officer was -- accordingly. I would take the copy and I would immediately indicate that as a suspense copy and put that in a file on a temporary basis, and I would begin then to deliver the original to the intended recipient.

If it was headed for the National Security Advisor, then it would normally go to the Executive Secretary's office and they would in turn forward it up through the chain, if you will, that being to the Deputy and then to the National Security Advisor.

Subsequent to that, I could either be called to say that it was ready for pickup, that the action had been completed, if it was an action item, or it could be sent back down to the Executive Secretary's office, who would, I believe, note it so that he was aware of what action was taken, if it was an action memorandum, and I would be called from his office, go over to his office, receive the item, bring it back to my office, record the result or the decision, whichever, into the computer file, make a copy of those, if it was an action memorandum and it had a decision at the end whether approve or disapprove.

Let's say that it was three pages long. I would make a copy of the last page unless some of the other pages had a marginalia and make a copy of that response or decision. Also I would make a copy of -- we had at the NSC staff a routing slip that identified the people that they normally initialed on, and I would make a copy of that. And if there were any other notes attached to it and so forth I would make a copy of those.

I would then take the original, with all the original notes, the original routing slip and so forth and place it into the safe that held the System IV files. I would remove the suspense copy that had been there, attach the copy of the notes or decision on it from the original that I had made, and forward those in a sealed envelope back to the originator so that he was aware of what the final results were and so forth and have a complete copy, if you will, with all the transactions of the original.

Q Did you make any entries in the computer when you got the original back?

A Yes, yes, I did that prior to making the Xerox copies or anything.

Q We will talk about the computer entries in a moment, but let me understand a little better the procedure, the procedure you just described. Was that procedure supposed to be followed for all System IV documents that were going to the National Security Advisor?

A Correct.

Q Did you have a procedure for tracking when you got back the original and whether you had received back the original?

A I would, as far as a set procedure was concerned.

I would somewhat follow up, I guess you would say, on a weekly basis of going though my file and see what items were in suspense and then trying to determine where those may still be had.

Q And did you do that regularly?

A As regularly as I could.

Q What does that mean?

A Well, I mean that I can't say -- I did it maybe sixty to seventy percent of the time. I didn't do it continually. I would sometimes get busy and not have time to do it and so forth and stuff like that. Or if I could identify maybe one or two additional items that had been added to System IV since I had done the check and there was no further update, let's say, on two previous occasions of trying to track one particular item, then I would not follow it up. I would just assume that it was still -- let's say for three weeks it had been with Admiral Poindexter; I would assume that it was still there. So I did not do anything else as far as following up.

Q Well, did you have a procedure that if a certain amount of time elapsed and you still hadn't received back the original you would check its whereabouts?

A Yes, I would do that. Here again, I determined where it would be, and if it was with the National Security

Advisor, the Deputy or Secretary, the general comment would probably be, you know, that they are still holding it or they have a lot of other material. There was a hold file, that type of thing. And I would not follow it up any more.

Q Explain to me. Let me ask was there ever an occasion in which you didn't get back, that you knew you hadn't gotten back the original of a System IV document?

A Yes.

Q How many times did that happen?

A I can't specifically say with any certainty, but there were quite a few occasions where originals did not return.

Q And what was the excuse you were given on those occasions?

A Well, the normal comment, particularly if they were somewhat dated or that they were a couple of months old or whatever, it seemed as though there was a general statement that many people have things out that are still outstanding, not only with my particular system but with other systems, and that is that eventually the stuff will be returned to you. You know, people will start to go through their hold baskets, their pending baskets -- this type of thing -- and they will start coming out. And this did occur throughout the whole time that I was there.

Q Who was your immediate supervisor?

A Ken deGraffenreid.

Q Had Ken deGraffenreid given you any instructions, general instructions, about whether you were supposed to get back all originals sooner or later?

A As best as I can recall, I'm sure that he probably said make sure that you always get the original back, should it ever be recalled.

Q Until you got an original back of a System IV document, did you preserve the suspense copy?

A Yes.

Q So that if an original never came back the suspense copy would remain in the suspense file forever?

A That is correct.

Q And if you put out, if you just hypothetically, if an original document was out as of 1985 and hadn't come back as of October 25, 1986, the copy would have still been in your suspense file as of October 25, 1986, the day you left?

A That's correct, as long as I received a copy of the original, I had a copy of the original -- I would have the copy in the file and there would be a computer record of it.

Q Now let's talk for a moment about the computer records. You are now speaking to someone who can only turn on a light by turning the switch, and that's as much as I understand, and so you will have to be gentle. Did you have a terminal with a screen, things like that? Tell me what this computer system was, describe it for me in terms that even I can understand.

A Okay. I had an IBM, I think it was a 3278 IBM terminal, and a keyboard, and it was tied into a mainframe which was located on the other side of the Old Executive Office Building. And not being a computer specialist myself either, System IV was maintained in a manner that access could only be by, number one, certain people that had the passwords or the key words to get into it.

Q Get into the computer system?

A To get into System IV. I will refer to the computer file as System IV. Plus, NSC advised WHCA --

Q That's W-H-C-A?

A White House Communications Office had maintained the system I believe it was via a memorandum that said where System IV could be brought on line, such as it could be brought on my terminal, which was identified by a number and a location, and one or two other terminals throughout the NSC or the White House complex. And I think there was a list of people also who were authorized to access.

Q And to access the computer file did you have to use the terminal in your office?

A No. As I said, there were, I think, two other terminals.

Q You did say that.

A That were authorized to use System IV.

Q Where were they?

A One was in the West Wing of the White House basement and the other one was located in the NSC Secretariat.

Q Under whose jurisdiction was the basement terminal over in the West Wing? Was there somebody there all the time?

A Yes.

Q Who was that during 1985 and 1986?

A It would have been Brian Merchant.

Q And how about the other terminal?

A That was located in Room 381, the NSC Secretariat, and that would have been George Van Eron.

Q In both '85 and '86?

A Yes.

Q Now when you entered a System IV document into the computer file, what entries did you make? Did you put the System IV number?

A Correct. I would enter the System IV number.

Q The date of the document?

A. The date of the document.

Q The author?

A The author.

Q And the addresses?

A The addressee.

Q What else?

A The classification of it, the subject, a few key words of what the item was, and then I would also enter on the second page -- there were three pages to the computer file. The second page I would list the author again and I would list the addressee and what action was to be taken, along with the date that it went to that individual.

Q The date that you sent the original on?

A Correct.

Q Were those all the entries that you made when you got an original document?

A Correct.

Q Now when you received the original back I think you told me before that you made an additional entry or entries into the computer file, correct?

A Correct.

Q What additional entry or entries did you make when you received back the original?

A Okay. What I would do it go to the second page of the computer file. I would, by alphabetic code indicate that the person had seen it. I'd enter their name again. I'd enter the date, and I'd enter what action had been taken by that individual. And then I would just indicate that particular item was closed -- in other words, no further action.

Q Now typically would you have occasion once you made the entry that the document was closed, would you typically have occasion to go back to the file on that document again or not?

A No, I would not, unless someone asked for it.

Q Someone asked for what?

A For the document.

Q So to find the document you would locate it by using the computer file?

A Correct.

Q As opposed to going back to where you had stored the hard copies?

A Well, it could be either way.

Q Well, just so I know, how would you decide which to use?

A If I was given the System IV number, I would obviously go right to the file and then go to the computer.

if I was not, but was given a general idea of what the item was, I would go to the computer and then go to the file.

Q Did you ever erase any of the entries that you made on your computer at any time while you were employed at the NSC staff?

MR. MC GRATH: Let me ask do you mean by "erase" erase the whole file or part of the information in it?

MR. BELNICK: Erase a document from the file, from the computer file, erase the entry.

THE WITNESS: Yes, I'm sure I had.

BY MR. BELNICK: (Resuming)

Q Was that something -- well, how many times did that happen, as best as you can remember?

A I can't remember.

Q It wasn't a frequent occurrence?

A No.

Q Can you recall what occasioned you to erase a document entry from your computer system?

A Yes.

Q Okay.

A Just before I departed the NSC I -- not reconstructed -- I had gone through all the CA Findings that we had and assured that they were entered properly and put the file back together, if you will, in a more easily readable manner, I guess you would say.

Q You are talking about covert action Findings?

A Yes.

Q And when did you do that?

A This was August, probably, through September.

Q Of '86?

A Correct.

Q Did anyone ask you to do that?

A I had talked to I think it was Vince Cannistraro and told him that I was going to be doing this.

Q Was it your idea?

A Yes.

Q Had you done it before?

A I had reconstructed some other type files before.

Q What caused you to want to do this on the Findings file at that time?

A The reason that I had decided to do this was, number one, we had just recently had our office spaces totally refurbished. There was a time that I no longer had any safes. The area was now considered a SCIF, so safes were being removed because the place actually turned out to be a little bit smaller. We didn't have the room. And everyone was attempting, or were supposed to be attempting, to somewhat go through the files and get them straightened out and put them into a more manageable order.

Q So it was basically file efficiency that led you to do it?

A Correct.

Q Now did you erase any documents from the computer file as part of this process?

A As best I can believe I may very well have done one or some only because some of the dates or some of the things, whatever, I may have found were not exactly correct and so forth.

Q But something that you erased at that time would have been something that you put back in another file at the same time?

A Correct, exactly.

Q So it wasn't that you took an entry and sent it out of the system completely; you just were revising it or putting it in a different form but staying in the computer?

A Correct. If I could tell you how I did that, I would take the actual document and go through the computer entry that was there and see how everything matched up. If there were a few discrepancies or maybe a few items were not indicated that I felt should have been and so on and so forth, I would write these down and then I would go back in. I would clear out of that item and then I would go back and I would remake the whole entry and include these items. And then I matched the two together, made sure I had everthing exactly the same, and then delete the former out.

Q Now leaving this process aside, which I understand did not result in deletion of any substantive entry from the System -- correct?

A Correct.

Q Do I understand that you typically did not -- strike "typically" -- you did not erase document entries from the computer system or delete them, whatever the appropriate term is?

A That is correct. I did not.

Q So that if you entered a document in your computer file for System IV in 1985 that entry would have still been there as of October 25, 1986 when you left?

A That is correct.

Q And that would have been true for documents that you entered as of 1983?

A That is correct.

MR. MC GRATH: If I might ask one follow-up question. If a document was entered in a suspense and there was a decision made of no action, affirmatively not to do something, what would happen to the file in that instance?

THE WITNESS: Let me understand. I enter an item and then it comes back and there's no action on it? If the original comes back, I keep the original. I would keep the original, definitely.

BY MR. BELNICK: (Resuming)

Q And you would make an entry in the computer, correct?

A Correct.

Q And that entry would be preserved?

A Correct.

Q Just like all other entries?

A Correct.

Q Tell me what the System IV control number procedure was in 1985 and 1986.

A The procedure was that at the beginning of each year we would start over. It was run throughout the year, and if an individual had created a system for a document he or his secretary would call me on the phone and they would say that they are originating a System IV document and they need a number.

I would take the next number, tell them what it was, and then I would write the originator's name down next to that. The item would be created and it would come back through me and the process would go on. That is basically how it worked.

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Q All right. You would enter the number when you received the original of the document, or would you give the number to the requestor?

A I would give the number to the requestor. There was just a piece of paper to maintain or to assign the next number. I would not do any computer additions or anything like that until I actually had the item in my hand.

Q Were there cases in which a number you gave out was not used?

A Yes.

Q And what would happen in those instances?

A What would happen is someone would call up and receive a number, and if I didn't get something, a copy or an original, within a few days I called them and asked them what state are we in here. And I would be told, on some occasions, that the number was not utilized. I would say okay, and I would just take and line it out on the paper that I had maintained. The number would not be reused; it would be cancelled out.

Q Did that happen at all in the case of Oliver North or his secretary?

A Yes.

Q What do you recall?

A All I recall is the fact that on several occasions

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-- "several" being maybe two or three occasions, maybe as many as five -- that I would be informed that a number was not utilized.

Q And who informed you of that?

A His secretary.

Q Fawn Hall?

A Correct.

Q On any of those occasions do you remember what the subject matter was of a proposed document? Let me strike that and ask it to you this way. Do you recall Fawn Hall telling you that she wanted to cancel a number that you had given her to use on a document relating to Central America?

A I can't say for certain. I can't.

BY MS. DORNAN: (Resuming)

Q Jim, ordinarily you didn't know the subject matter when you gave out that number?

A That is correct. I did not ask them what the subject was.

BY MR. BELNICK: (Resuming)

Q That I understand. That is why I asked him if he recalled Fawn Hall telling him that a document was relating to Central America.

A No, I can't.

Q Did North have access to System IV originals without going through you or deGraffenreid insofar as you know?

A As far as I know, no. And in regard to once it was put into my file, no.

Q Did North ever ask you to produce an original for him while you were at the NSC staff?

A I think he may have, yes.

Q When?

A I'm trying to recall one specific item. I think this was in 1984, and I think this doesn't pertain --

Q It doesn't pertain to Central America?

A Correct.

Q It didn't?

A It did not.

Q Did it pertain to Iran?

A No.

Q Did you get back the original?

A Yes.

Q Aside from that instance did North ever ask you for an original System IV document?

A Not that I can recall, no.

Q Did Fawn Hall ever ask you for an original System IV document?

A She had asked me to retain or obtain an original

System IV that was put into the system that was not back into the file, I should say, in other words.

Q You lost me.

A What I mean was a System IV item was originated by Oliver North, given to me, and sent across for, let's say, the National Security Advisor, and she would come and say we need to get that back because we want to make some changes. And then I would go get it and bring it back to them. Changes would be made, but then it would go right back into the system. That is the only occasion that I can recall.

Q These were changes that were made after the document had been routed to the National Security Advisor?

A Before.

Q Aside from those instances -- and were those called redos?

A Yes.

Q When I see an NSC System IV document with "redo" in the upper righthand corner, is that the kind of thing you just described occurring?

A Yes.

Q Aside from redos, did Fawn Hall ask you for original System IV documents?

A No, I don't believe so.

Q How about Bud McFarlane or his secretary, Wilma

Hall, aside from any redos?

A I don't recall specifically either one -- well, it would be Wilma Hall, actually.

Q You never were asked by Bud McFarlane?

A No. I don't recall any by Wilma Hall specifically to the Central America or Iran.

Q How about Admiral Poindexter?

A He did not, no, and any request would basically come via his secretary, Flo Ghant, and I don't recall any.

Q You filed the hard copies of System IV documents in the safes in your office?

A Correct.

Q Can you give us an estimate of how many drawers the System IV documents for 1985 took up in those safes?

A In 1985 I would say maybe two and a half.

Q Approximately how many pages of material?

A I believe 1985 was the year that we went over, just over 1200 System IV documents.

Q Now where did you file hard copies of covert action Findings?

A I had separate folders for any covert action Findings.

Q And were they maintained in the same safe as System IV documents?

A They were in the same safe, but they were a separate file totally.

Q Now we are all familiar nowadays with the Finding that the President signed in January 1986 relating to the Iran program. Do you know what I'm referring to?

A Yes.

Q There was a Finding signed apparently on January 17, 1987.

MR. MC GRATH: '86.

MR. BELNICK: '86, yes, excuse me. I can't disclose the 1987 Finding.

(Laughter.)

BY MR. BELNICK: (Resuming)

Q There was one on January 17, 1986, and then apparently one was signed on January 6 or 7, 1986. Did you have either of those Findings, do you recall, in your file?

A No, I did not.

Q When did you learn about either one or both of those signed Findings?

A When they were disclosed in the newspapers.

Q Do you recall whether you had in your files a Finding relating to Iran and weapons to Iran dated around November 25 or November 26, of 1985?

A I'm sorry. Could you repeat that?

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Q Have you seen reported in the newspapers or in the Tower Board report that there was at least a proposed covert action Finding relating to Iran in late November 1985?

A Yes, I've seen that in the Tower report.

Q Did you ever see it anyplace else?

A No, I did not.

Q You did not have such a Finding in your files?

A Not that I recall, no.

Q At any time before you left the NSC did anyone ask you for a Finding or whether you had in your files a Finding relating to an Iran arms program?

A No.

Q Now I understand that you received a call after the November 1986 disclosures from Brian Merchant asking you a question about a Finding; correct?

A Correct.

Q Would you please tell us about the conversation -- when it was and what Brian asked you and what you told him?

A He had called me at work and inquired as to whether or not I knew of or was aware that an Iran Finding dated sometime in January was located, and I told him no, I don't know anything about it. I had never seen it.

I had none on file, and I stated to him that possibly, if anyone had it, the Agency would have it; and

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that was the end of the conversation.

Q When is your best recollection that this call occurred?

A Two or three days after it was disclosed in the newspaper, and I don't know what date that was.

Q Two or three days after the Iran initiative was first disclosed in the newspaper?

A Two or three days after it was reported in the newspaper that the President had signed a Finding dated something in 1986.

Q Do you remember whether the call between you and Brian took place before or after the Attorney General's press conference when he announced that he had found a document showing diversion of proceeds to the contras?

A This was after that.

Q The call from Merchant was after the Attorney General's press conference?

A Yes.

Q About how long after?

A It was in January, maybe the early part of February, I think, '87.

Q The call came in January or February 1987?

A Yes.

Q After that call between you and Brian did you and he speak again about the Finding?

A No.

Q Did Brian call you again requesting any other documents or asking about any other documents?

A Yes.

Q When?

A It was, let's see, in November, and I think also possibly in December of '86.

Q What did he ask you for in November?

A I don't remember specifically, but seeing, if you will, the fact that I left in October of '86 and Merchant stepped in and assumed my particular responsibilities about two days before I departed, he really had no corporate memory or knowledge of where a lot of things may be filed, if they weren't very obvious.

Q Aside from those calls, which were, you know, help me out, I'm new on the job, did he make any request to you in November or December that had to do with the Iran program or the contras or that seemed to you, in any event, to be related to the disclosures that were then in the newspapers?

A I don't recall, but I think very possibly there may have been, yes.

Q But you just don't recall?

A I just don't recall.

Q Nothing stand out?

A No.

Q Did'you maintain a log or some other system for signing in or signing out original System IV documents?

A No.

Q How did you keep track of an original that had been taken out by somebody after the document had been through its routing and after it had been closed and someone came and said let me see that original and you gave it to him or her? How did you keep track of who had it and when you got it back?

A Okay. When someone came to me and asked me for an original and I would immediately make a copy of the item. If it was leaving our office, leading Room 300, I would make a copy of that item and put that on file. If it was not leaving our office, I would go into the computer and I would make an entry, reopened, who had it and the date.

Q And if you kept a copy because the document left your office, where did you keep the copy? What file?

A Again, it would just take the place of the original in the System IV file, again as a suspense item.

Q Did you only make the computer entry when the document stayed in your office?

A Correct.

Q So if the document went out the only "entry" that you made was by making a copy of the original and putting that copy in the original's place; correct?

A And also the computer entry, too. I did both.

Q So you always made a computer entry?

A Right.

Q But the only time you would make the copy was when the document left the office?

A Correct.

Q And those computer entries were, so far as you were concerned, permanent entries, correct?

A Yes.

Q That is, you didn't go back and erase those entries?

A I don't believe I did, no. I think I left them that way.

Q So that the computer, unless something happened to it after you left, should be able to tell somebody today which documents in 1985, which original System IV documents, had been signed out by somebody in 1985 and who that somebody was or who those somebodies were; correct?

A Correct.

Q The same for 1986?

A Right.

Q That can be gotten off the computer; is that correct?

A It should be.

Q Is that a big job to try to get those kind of entries off the computer? Let me take a document and say I wanted to find out how many people and who they were, if anyone, took out a document from System IV in 1985 and I had the date of the document or the control number. How long would it take to go to the computer and find the answer to that question?

A You should have a result or an answer within five minutes at the most, max.

Q Now am I right also, Jim, that it was, as I understand from your interview, that it was a rare occurrence when someone asked for an original System IV document?

A That is correct.

Q And I'm told, and correct me if we misunderstand it, aside from some occasions with North and deGraffenreid -- which we will talk about -- you only can recall, say, five or six times that you sent original documents out to the West Wing, to the Executive Secretary?

A Correct.

Q Now I also understand that in reference to deGraffenreid and North that there were some occasions when deGraffenreid and North were together and deGraffenreid asked to see an original and you actually stood by while deGraffenreid and North reviewed the document.

A Yes.

Q I understand that none of those occasions involved a request for a covert action Finding. Am I still correct?

A No, they did.

Q They did?

A Yes.

Q On how many times did that occur?

A Just on one.

Q When was that?

A 1984.

Q Did it relate to Central America or Iran?

A No. Well, wait a minute. No, it did not relate to Central America.

Q Aside from that instance, did you recall whether any of the other original documents that North and deGraffenreid reviewed while you were standing there related to Central America or Iran?

A To Central America I would say yes.

Q To Nicaragua?

A Yes.

Q And when do you recall them reviewing documents

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related to Nicaragua? First of all, on how many occasions?

A There were several occasions, but I don't remember specific dates.

Q Was it 1985 or what year was it?

A I want to say yes, it was 1985, possibly late '85, early '86, maybe. I'm not certain.

Q On how many occasions at that time in late '85 or early '86 did deGraffenreid and North come to look at an original document which pertained to Nicaragua?

A Maybe no more than three.

Q Can you recall any of the documents that they asked for and that you showed them on those occasions?

A Let me think. What I am remembering is on only one specific document.

Q Then tell us what you remember.

A That particular document was -- let's see -- the new covert action Finding on Nicaragua at that time. I don't remember the date. I want to say 1985, I think it was. They used it for reference purposes.

Q That's the only one you remember?

A That is the only one I remember.

Q Do you recall Poindexter asking you for an original System IV document on any occasion?

A Yes, at least on one occasion.

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Q On any of the occasions that you remember did the document involve Central America or Iran?

A It did not involve Central America or Iran.

Q Now I understand that there came a time in late August or early September 1985 when a request was made to you by Mr. deGraffenreid to pull certain original System IV documents.

A Correct.

Q Would you tell us first, give us your best recollection of when this request was made?

A Well, the request, I believe, was made right around the beginning to middle, the beginning to middle of September of '85.

Q And tell us how the request was (space) made and what the request was.

A I was called. He called me into his office and he handed me a piece of paper that listed a few System IV items and asked me to pull those originals and give them to him.

Q Let me stop you there and ask the Reporter to mark this document as Radzimski Exhibit 1.

(The document referred to was marked Radzimski Exhibit Number 1 for identification.)

For the record, Exhibit 1 bears our Bates number

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N-16346. It is a single page, a copy of a single page with handwritten notes. You have the exhibit in front of you, Jim. Is that a copy of the note that Mr. deGraffenreid handed you in late August or early September 1985?

A Yes, it is.

Q Is that the way the note looked when it was given to you, do you remember?

A No.

Q What was different about the one you saw?

A There was no writing on the righthand side here.

Q Let's identify that because the record can't see it. Were there check marks there on the right?

A The one word here that says "cover", that word was there. The word below that, which I can't read, were not there.

Q 19 J-something, and then -- it's 19-J and then some other letters after J, and then it says Y-E-D-I-O-T and the A-H-A-R-O-N-O-T, and the P.7. None of what I just read was there when you saw the note?

A That is correct.

Q Do you see the asterisk and star?

A Yes.

Q Were they there when you saw the note, do you recall?

A I believe they were, as best I can recall.

Q So that was already on the paper when it was handed to you?

A I believe so, yes.

Q You didn't write on this paper at all?

A No, I did not.

Q The circle around the number 401214, was that there when you saw the note?

A I don't recall that being there, no.

Q Do you see check marks on the right?

A Yes.

Q Were they there when you saw the note, as best you can remember?

A As best as I can remember, I don't think so, no. I don't think they were.

Q And there appear to be little checks on the left; do you see those?

A Correct.

Q Do you recall whether those were there when you saw the note?

A They were not.

Q Do you recognize any of the handwriting on this note?

A No, I don't.

Q Now -- yes, sir?

A I believe the word here "cover" that I identified already, I believe that is deGraffenreid's handwriting.

Q Is that based upon having seen him put it there or just recognizing?

A Recognizing his handwriting.

Q Recognizing his handwriting?

A Recognizing his handwriting.

Q Now I understand that the words below "cover", 19, et cetera, and the word beginning with Y and an A and so forth were not there when you saw it, but by any chance do you recognize that handwriting?

A No, I don't.

Q Do those words mean anything to you?

A No, they do not.

Q Now let's go back to the event. When we marked the exhibit I believe you were telling us that Mr. deGraffenreid handed you what's now been marked as Exhibit 1, and did he ask you to pull those documents?

A Yes, he did.

Q Did he tell you why?

A No.

Q Did he tell you for whom?

A No.

Q Did he tell you by when he wanted them?

A I believe he said he wanted them today.

Q Did you give him the documents?

A No, I did not.

Q Did you ever pull the documents for him?

A No, I did not.

Q Did he ask you for them again?

A Yes, on at least two occasions.

Q Two more occasions after that?

A Yes.

Q And what did he say on those occasions?

A As best I recall, it was I need those documents that I asked you to pull and I think on the third occasion or the second follow-up was via a note from his secretary as a reminder.

Q June Bartlett?

A Yes.

Q What did the note say?

A I think it was have you, if you haven't pulled these yet, or if you haven't got these yet for deGraffenreid, he needs them. He wants them.

Q What did you answer deGraffenreid on the second occasion when he said I need those documents?

A As best I can recall, I just said oh, yes, I will

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get them; I have been busy.

Q Did you get them?

A No.

Q So then you got a note from June Bartlett?

A Correct.

Q What did you say to her?

A I said oh, yes, he metioned this to me a couple of days ago.

Q Did you write that to her or just say that to her?

A I just said that to her.

Q And what did she say?

A I don't recall if she said anything.

Q What did you do with the note she sent you?

A I believe I threw it away.

Q And I take it you didn't pull the documents in response to the note?

A Correct.

Q You never pulled the documents for Mr. deGraffenreid, is that correct?

A That is correct.

Q Did you hear from him or Bartlett again, or anyone acting on his behalf about these documents after the note?

A No.

Q He never referred to the fact that you didn't

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comply with his request?

A No.

Q He was your boss?

A Yes.

Q He was your supervisor?

A Yes.

Q You didn't comply with three requests he made?

A Yes.

Q And he never said another word about it?

A Nope.

Q You saw him on occasion after that?

A Yes.

Q And you were able to look him straight in the face?

A Yes.

Q And he didn't say anything about them?

A No.

Q Were there other requests that he made to you during your time there that you didn't comply with?

A Yes.

Q Where can I get a job with this guy?

(Laughter.)

What kinds of requests were those?

A Maybe obtain some newspaper clippings or something along that line.

Q But nothing of a magnitude as significant as asking you for original documents and you not giving them to him?

A Correct.

Q Why didn't you give him the documents that he asked you for?

A I felt very uneasy about doing it.

Q Why?

A This will probably be a long answer.

Q Well, as long as it's accurate, go ahead.

A At this particular time frame there was a lot of news media reports about the NSC or the White House assisting the contras, and possible, in regards to the Boland Amendment or not being able to assist them. We had or I had received a briefing by Brenda Reger to conduct a search of System IV documents for X amount, for a time frame, and to key in key words that would associate Nicaragua, North, contras, and some others I can't recall.

Q She made this request to you before deGraffenreid gave you the request and the note?

A That is correct.

Q And Brenda Reger, for the record, her job at the time was?

A She was -- she handled all of the Freedom of Information requests and assisted in other Congressional requests that she was asked to support.

Q And do you recall that request that Brenda Reger made to you, the search request, related to an inquiry that Congressman Barnes had initiated concerning North's activities in Central America?

A That is correct.

Q Please continue.

A So subsequent to that meeting, which included not only myself but representatives from each system of the NSC, corresponding system, we went back and I identified X amount of items and advised Brenda Reger. As a matter of fact, I made a hard copy of the computer page when I identified the item and she gave us a memorandum that detailed their research and the procedures we were to follow, and I recall I wrote a short note back to her and I attached those to it and I submitted them for her review.

She came back to me or one of her office representatives came back and said that they wanted a copy of those items that I identified so that they could review the items personally.

Q So that who could review it -- Brenda's office?

A Brenda's office could review the items personally.

I then went into the System IV files and I pulled each one of those items. I Xeroxed a copy of that, put the original back in the files, and forwarded copies to Brenda Reger's office. And that was, subsequent to that, probably three or four days after that, I inquired as to where the copies were.

Q Who did you ask?

A I'm not certain if I asked Brenda Reger herself. I may have asked one of the people from the office. I think Donna Sirko was the one that was helping Brenda pull all of this material together, if you will. I think I asked her. But the response that I received back was that they were with Paul Thompson, I believe, and I made the statement, well, I want all those copies back. I wanted to destroy them when they were returned.

The items, sometime after my initial request and finding out where the location was, copies came back. I'm trying to recall. I don't believe all the copies that I had originally given were returned.

Q Did you look further for those copies?

A No, I did not. I assumed -- well, I just assumed that, well, they still have them. As I said, I believe they were with Paul Thompson and I figured they were still looking at them further.

Q Do you remember how many documents?

A I know there were some that were not returned because I did an accountability check. I knew which ones I had given. I had done an accountability check. There were some that were not there. And then I received this note some time after.

Q Let's stop there for a second. Do you recall at least approximately how many documents you found in response to Brenda Reger's search request?

A I don't recall, no.

Q I'm told that the last time the number 22 had come up in discussion with you.

A That is what came up in discussion, and I believe that that is very possible as to how many.

Q Now how does the story you just told us about the search request, the Congressional inquiry, the news publicity, your activities in pulling documents relate to your decision not to comply with deGraffenreid's request memorialized in Exhibit 1?

A I just felt, of everything you just said, I just felt very uneasy and I decided not to comply with his request.

Q Well, when he gave you the document, Exhibit 1, did you recognize that some or all of the numbers on those documents were the same as some of the 22 or so documents you had pulled in response to Reger's search request as being relevant to North and Nicaragua?

A Correct. I did recognize some of those numbers.

Q And I take it the numbers on Exhibit 1 are System IV control numbers?

A They are.

Q And when you got that you recognized that some of them were the same documents or numbers of documents that you had pulled relevant to North and Nicaragua for Brenda; is that correct?

A Correct.

Q And you understood that the contra issues was a volatile issue at the time?

A Very much.

BY MS. DORNAN: (Resuming)

Q Was it after the Hasenfus shootdown, do you remember?

A No, this preceded that.

MR. BELNICK: The Hasefus shootdown was in October of '86. This was the year before.

BY MR. BELNICK: (Resuming)

Q And you recognized the issue was a significant one for the Congress?

A Yes.

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Q And is that why you decided to refuse to give deGraffenreid these documents?

A Like I said, when I looked at the note he gave me, I recognized some of the numbers and, like I said, I just felt very uneasy doing that.

Q I just want to understand something. The issue was significant, and the issue may even have been volatile at the time, but why would that have led you not to give your supervisor, who was head of the intelligence directorate at the NSC, these documents?

A I apparently decided at the time I just could not do that, and I didn't do it.

Q Recognizing that, did you have any belief that Mr. deGraffenreid was going to do something inappropriate with the documents?

A I must have had some sort of belief, but I don't know.

Q Well, had you ever known Mr. deGraffenreid to do anything that you considered to be inappropriate in the course of his official duties?

A No.

Q You had never known him to alter any documents or try to destroy any documents or anything like that, had you?

A No.

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Q And you had known him, as far as you know, to be an honorable man?

A Correct.

Q And that is still your view up until today?

A Correct.

Q Then what was it that made you hold back on giving them? I mean, you knew you were taking a risk that he would come in and chop your head off.

A That is correct.

Q Why did you take the risk?

A I figured I could withstand it.

Q But why did you decide that it would be appropriate for you to make a decision that your supervisor shouldn't be given access to these documents? I'm just trying to understand.

A I just couldn't bring myself to do it. The note was handed to me a very short period of time after all of this transpired and what was happening, and for some reason I felt I'm not going to do this.

Q Did you tell anyone that he had made the request to you?

A No, I did not.

Q You didn't mention it to Brenda Reger?

A No, I did not.

Q Did you ever say to deGraffenreid -- and I take it from your prior testimony, just so it is clear, did you ever say to Mr. deGraffenreid, Ken, or Mr. deGraffenreid, or whatever you called him, I just don't feel right giving you these documents?

A No, I never said a word to him.

Q And there came a point after what I guess was three requests that he just stopped asking?

A Correct.

Q And you never heard from him about it again?

A He did not ask me about it again.

Q Or from anybody else?

A Correct.

Q That was end of the issue?

A Correct.

Q Did anyone other than deGraffenreid and apart from Brenda Reger ask you for this type of document at that time in early September 1985?

A No, I do not recall.

Q Do you recall whether Mr. McFarlane's office made any request?

A I don't recall, no. I do not think so.

BY MS. DORNAN: (Resuming)

Q Jim, did you subsequently check the safe to make sure the originals were still there of these numbers, given that Ken and other people had access to it?

A No, I did not. I never went back to look to see if the originals were there.

BY MR. BELNICK: (Resuming)

Q As far as you know, by the time you left in the end of October 1986, was it still the case that some of the copies you had given of System IV documents to Brenda Reger for distribution in September 1985 still had not been returned?

A I think that that was true, that all of them had not been returned.

Q And did you ever check further after September or October 1985 as to where those copies were and why they were still out?

A No, I didn't.

Q I understand also from your discussions with my colleagues the other day that you recall having seen a System IV document some time in 1985 that you believe referred to what is now at least termed diversion?

A Correct.

Q Tell me what you recall.

A I'm fairly certain I recall seeing a System IV document that detailed a transfer of weapons, indicated dollar figures that would be received from this. My recollection is that the memorandum is a page and a half long. It was addressed to, I believe, Admiral Poindexter. It was from Oliver North.

Q Dated?

A It was dated. The reason I say it was dated was the fact that if I had seen it then it was entered in System IV.

Q And did it have a System IV control number?

A It had a System IV control number on it.

Q Do you remember what the date was?

A The best that I can recall is that it was in late November of '85, but it could have been early '86.

Q That is your best recollection of what the date was on the document?

A In that time frame, correct.

Q And when do you recall seeing it for the first time?

A Well, obviously if it was late '85 I saw it at that time.

Q In other words, you recall seeing it approximately at the time that it was dated?

A Yes.

Q It wasn't like you saw it months after the date on it?

A Correct.

Q It was more or less contemporaneous with the date?

A Yes.

Q And do you recall reading this one and a half page document?

A Yes.

Q And what do you recall that it said as best you can now remember? Was it classified, by the way?

A Yes.

Q What was it classified?

A It was minimum Top Secret. It could have had, and I know it may have had a codeword on it; I'm not certain, but it was a minimum of TS.

Q What do you recall the document said, based upon your reading of it?

A There were three things that jump out in my mind about the item. It had identified or had discussed two people in it in the very first paragraph, which was lengthy. It had identified or it had a dollar amount -- I want to say something like around approximately --

Q Millions?

A There was a dollar amount that was in the millions. There was a second dollar amount that said $12 million and said that this would be used for assistance to the contras.

Q So there were two dollar amounts, both in the millions, and one of them said $12 million to be used for assistance to the contras?

A Correct.

Q All right. What else do you recall from the document?

A That it -- I can't recall if it was an action, which meant an approval type thing, or disapproval, or if it was just an informational type thing. That I can't remember.

Q Did the document mention anything about Iran?

A Yes, yes. It mentioned weapons going to Iran, and I believe it mentioned Israel in there also.

Q And did the document, as best you recall, link the proceeds from the weapons to Iran with assistance to the contras?

A Yes.

Q Was there something -- what was your reaction to the document when you read it?

A I almost fell out of my chair.

Q Why?

A Because it was not, if you will, the policy at the time. Iran was considered a terrorist state. We had no relations with them whatsoever, and here there was a discussion of the transfer of weapons to them.

Q Was there anything else that surprised you or struck you about the document when you read it?

A No. It was just this diversion -- well, that along with funds going to the contras.

Q And what was striking to you about that?

A It was not -- well, the funding was not -- well, it was not authorized. I mean, I thought it was illegal.

Q How did you know it wasn't authorized?

A Well, here again I think the Boland Amendment was in effect at the time and so forth. Because of the material that I handled and so forth and stuff like that I was very acutely aware of what the policies and the situations were, and so I could determine.

Q Did the document refer to the President at all?

A No, it did not.

Q Were you reading the original of the document?

A I was reading the copy.

Q Had you ever received the original?

A I don't think I did.

Q How did that happen?

A Well, if a System IV item was originated and could be considered to be a very urgent item, let's say, the item could actually be walked over by the principal individual who originated that, and a copy would be sent to me by the Secretary.

Q And that was a procedure that would bypass what you described at the beginning this morning about the original going to the Executive Secretariat and then to the Deputy and then to the National Security Advisor and so forth?

A That is correct.

Q And so if a document was urgent, the originator might just bypass that system and walk it over?

A Correct.

Q And what was up to the originator to decide?

A Yes, I guess so.

Q And if he could get away with it, namely if the recipient would take the document, then there it was, and on an occasion when that procedure was followed you were still supposed to get a copy?

A That is correct.

Q And who was supposed to send you the copy?

A Either the principal or his secretary. I should get a copy.

Q On those occasions when you got a copy would you check to find out if the original indeed had been walked over and by whom and so forth, whether it had arrived, in other words?

A I would check. I would ask about it. Nine times out of ten they would come back and say yes, it was hand-carried over.

Q Let's talk about, then, the specific document the "diversion memo". Did you check to see if that document, if the original of that document had been walked over to Admiral Poindexter's office?

A I don't recall.

Q You don't recall one way or the other?

A No, I don't.

Q Would it have been your practice to make such a check?

A Yes, I did it as normal, yes -- at normal practice I would. But, as I said, nine times out of ten that is what happened, so on those occasions I would not check. I would assume that that is what happened, that it was taken by the originator.

Q I'm a little unclear. Was it your normal practice to check when you got a copy whether the original had been walked over from the originator of the document to the addressee?

A Yes, it was.

Q Is there any reason to think you would not have followed that normal practice in the case of this "diversion memo"?

A No.

MR. MC GRATH: When you say it was your normal practice, was it unusual for you not to call?

THE WITNESS: I would say it would be unusual for me not to call.

BY MR. BELNICK: (Resuming)

Q On any occasion when you made such a call do you recall would it be usual to hear from the person you were calling that the document was walked over by us to the addressee and delivered?

A Correct.

Q That is what you usually heard?

A Correct.

Q And it would be unusual to hear otherwise?

A That is correct.

Q Can you recall on how many occasions you heard otherwise, namely that something else had happened?

A No. It was always we walked it over.

Q And what other explanation would you hear if it weren't that we walked it over to the person to whom it was addressed?

A You might possibly hear that instead of being delivered to the addressee that it was intended it was delivered to someone else because they had made the request.

Q But that was unusual, too?

A No, not necessarily, no.

Q You always heard it was delivered?

A We always heard it was delivered over to the West Wing.

Q To the West Wing either to the addressee or to someone acting for the addressee?

A That is correct.

Q And you can't recall whether you checked specifically in the case of what we're calling the diversion memo, but it would have been your practice to make that check, correct?

A Correct.

Q And you can't think of any reason why you wouldn't have followed that practice in the case of this memo, correct?

A That is correct.

Q And if you followed that practice, then, what you heard on every such occasion was that it was either delivered to the addressee or someone acting for him?

A Correct.

Q So that here you would have heard that document was delivered to Admiral Poindexter or someone receiving it from him, correct?

A Correct.

Q Was it a practice of yours to read System IV memos when they came in?

A Yes.

Q All of them?

A Yes.

Q So it wasn't unusual for you to be reading this one?

A Correct.

Q What did you do with the copy that you had?

A After I had finished reading it I entered it into the computer and filed it into the file.

Q Now you entered it into your computer file, correct?

A Yes.

Q Making all of the entries that you described earlier this morning on that computer file?

A Correct.

Q The date, correct?

A Correct.

Q The author?

A Right.

Q The control number?

A Yes.

Q Something about -- you identified the subject matter?

A Yes.

Q You identified the action officer if it was an action memorandum?

A Yes.

Q And who would have that been if this was an action memorandum? Would North have been the action officer because he wrote it?

A Yes.

Q And you don't remember whether this was an action or an information memorandum?

A I do not.

Q But you made the typical entries in the computer file, correct?

A Yes, I did.

Q And from the day you made them to the day you left the NSC at the end of October 1986 you did not erase those entries in the computer file, did you?

A That is correct.

Q Did you ever go back to that document on the computer file after you entered it -- that is, reopen the file to make an additional entry or anything like that?

A I don't think so, no.

Q Did anyone ever ask to see that document from the date you saw it?

A I don't recall, no.

Q As far as you recall that did not happen; is that correct?

A That is correct.

BY MS. DORNAN: (Resuming)

Q As a normal procedure, if someone had walked over a document would you eventually get the original back?

A I should eventually get the original back.

MR. BELNICK: I am going to come to that.

BY MR. BELNICK: (Resuming)

Q Now you took the copy of this document, correct?

A Correct.

Q And you said you filed it.

A Correct.

Q Did you file it in your suspense file?

A Yes.

Q Did you ever get the original back?

A I don't recall if I ever got the original back. I don't think I did.

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Q Actually back is the wrong word. You never got the original in the first place, correct?

A I never got the original in the first place.

Q Did you ever receive the original?

A I don't think I never received the original.

Q Did you ever check on where it was?

A Maybe on one occasion and that would be it.

Q Can you remember if you checked?

A I don't remember specifically if I checked.

Q Do you have a vague recollection that you checked? Do you have any recollection that you checked?

A I have no recollection.

Q Fair enough. And so you put the copy in your suspense file, correct?

A Correct.

Q Where was the suspense file?

A Right there in my office in the safe that I maintained the files in.

Q Was it in the same safe as all System IV documents?

A Yes, it was.

Q In a separate folder that said "suspense"?

A Correct. I wrote down folders by 50 items, and it would have been in the folder -- if it was item 51, it would

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be in folder 51 through 100.

Q. And would that folder have had a title written on it, suspense?

A No, no. It would just have the block of control numbers that it contained.

Q And how did you distinguish those suspense files from non-suspense files?

A They were intermingled. You couldn't look at it and determine what was suspense or what was original. You'd have to look at each individual item.

Q And how would you know if it was suspense if you looked at the item? Did you have a note on the document?

A It would be a copy.

Q And copy to you meant suspense?

A A copy to me meant suspense.

Q Did you ever take the copy of the diversion memo out of that System IV suspense file after you put it in there?

A No, I don't recall ever doing that.

Q So as far as you know that document was still in your System IV files in the secure safe the day that you left the NSC staff?

A Correct.

Q And, as far as you know, the entries that you made in the computer file at the NSC about this "diversion memo" were still there on October 25, 1986 when you left the NSC staff, correct?

A Correct.

Q Has anybody asked you since then to go back to the files and look for this document?

A No, no one ever asked me.

Q Has anybody asked you since then to go to the computer and look for the entry that you made?

A No.

Q And there was nothing different, as far as I understand, about the way that you entered this document on the computer or filed it in the hard copy file than the way you treated any other document; am I correct?

A That is correct. It is the same.

Q Now let me try and go back on one point in terms of your recollection of when you read it and I'm reluctant to bring up a subject like this, but forgive me. I understand your father passed away in November of 1985.

A That is correct.

Q And I'm told that there may be some correlation in your mind between that event and when you read the document. Does that do anything to your recollection?

A Well --

Q It was after that time?

A It was after that time. I was gone for the majority of November, the first part of it, up to about the middle, and then I came back.

Q So your best recollection is that the document was dated and you saw it either in late '85 or early '86?

A Correct.

Q And late '85 means sometime after November?

A Yes.

Q Did you ever see another document that pertained to this kind of subject matter -- weapons to Iran and money from those transactions to the contras?

A I think I recall seeing a document later on, like a few months after that. It was a very much more detailed type of memorandum.

Q When do you recall seeing that?

A I think that would be in somewhere around maybe mid-April.

Q Was it a System IV document?

A Yes, it was.

Q And to whom was it addressed?

A I believe it was -- first of all, I don't believe that I recall seeing the original. Here again it was a copy that was sent and I believe it was addressed to Admiral

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Poindexter.

Q From whom?

A It was from Oliver North.

Q And it was dated sometime in April 1986?

A It was dated sometime mid-April '86.

Q You said mid-April?

A Yes.

Q And how long was it?

A I believe there was actually -- normal procedure tells me there would have been two memorandums, one addressed to Admiral Poindexter from Oliver North and a second memorandum from Admiral Poindexter to the President, and so I would say there were two. And then I believe there were some attachments.

Q So we had a memo from Poindexter to North and attached to that was a memo -- strike that. There was a memo from North to Poindexter, and attached to that was a memorandum from Poindexter to the President, with some attachments?

A I believe so.

Q Was this whole package what you would call an action memorandum?

A Yes.

Q And did it have a cover sheet? Do you know what I

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mean by the NSC cover sheets?

A Yes. Well, I would say that it would have had a cover sheet, although I have not seen the original. I would say it had a cover sheet.

Q When you saw it, since it was a copy you didn't see a cover sheet on it; is that correct?

A That is correct.

Q And that was true earlier or that was true also to what we have referred to as the diversion memo that you saw in November, the copy? Or did that one have a cover sheet, as you remember?

A I believe that one had a cover sheet on it.

Q Now let's go back to the one you saw in April. There were two memoranda, one from North to Poindexter. ✓ Attached there(space)to was one from Poindexter to the President. What was the other attachment?

A I don't remember what the attachments were. I know that there were some other attachments.

Q And this was an action memorandum. Do you remember if it was asking Poindexter to approve sending the attached memorandum to the President?

A I believe that is what it said, yes. Normal procedure is it would have.

Q And did you see a check mark where there is usually a box that says approved, disapproved, recommendation? Had anybody put a check mark in the approved or disapproved box?

A I don't recall. I would say I don't recall, even if the original had come back to me.

Q Well, we will get back to the original. Now I would like you to tell me about how many pages was this whole document, the two memos and the attachments.

A Maybe around ten, a little bit less maybe.

Q And tell me what you recall. You read it.

A I made it normal practice to read all the items. Now on some occasions if they were rather lengthy, like I would consider this one to be and so forth, I would probably just restrict myself to reading the original memo, the one to Poindexter, because that was more or less a snapshot of what the whole thing was.

Q And do you recall doing that in this instance?

A I'm sure that I did.

Q And tell me what you recall reading.

A I believe I recall reading again about the funds going to the contras. I believe it said in there about weapons sale or whatever to Iran. I think there was a description or a backgruond as to what had transpired up to that particular point of the whole arms transfer and so forth. I think maybe also that possibly one of the attachments -- and here again I can't be certain, but I think it had something to do with the current strategy type thing towards Iran. And that's all I can recall.

Q Do you remember any dollar figures?

A Yes. I recall one dollar figure.

Q And what's that?

A That was the $12 million to go for assistance to the contras.

Q Twelve million dollars, which the memo said was coming from weapons sales to Iran?

A Yes.

Q And that is the second figure that you saw in the earlier diversion memo

A Yes.

Q Do you recall what the recommendation was to Admiral Poindexter with respect to the President?

A No, I do not recall that.

Q Did you look at the attached memo proposed to be sent, I guess, from Poindexter to the President?

A I think it could have said something like -- it went to Poindexter for his initial and it would have said something like that you could concur with this and forward it on to the President. I think that was it. It was just concur and forward this on to the President.

Q That you concur and what?

A And forward your memorandum, the attached, to the President.

Q And what was the attached memorandum about, the same thing as North's to Poindexter?

A Yes, it should have been.

Q Did you look at it to see if it was?

A Again, I may have looked at it, but I may not have read it.

Q Do you have a recollection?

A No.

Q But your assumption, based upon your experience with these kinds of memoranda, is that the attached one which was proposed to be sent was substantially the same as the one on top of the one from North to Poindexter?

A Yes.

Q The only difference, based upon your experience, would have been that the attached one would have been from the National Security Advisor himself, in this case Poindexter, of the President?

A Yes. That is correct. And it maybe was a little bit shorter. The cover memorandum to the National Security Advisor always had, if you will, maybe a little bit more meat to it, or background.

Q More details?

A More details that were dropped out of the one that went to the President.

Q But the guts of it would always be in the one that went to the President?

A Yes.

Q The heart of it, right?

A Yes.

Q Now, by the way, again going back to the earlier diversion memo, in terms of trying a little bit to narrow the date, do ou recall whether Admiral Poindexter was the National Security Advisor as opposed to the Deputy when you saw the first diversion memo?

A I'm sorry? I lost my train of thought.

Q I'm trying to narrow, if I can, even more the date when you saw the first diversion memo, the one which we have placed as late '85 or early '86. And to try to help you with that -- and it may not help you -- I am asking whether you can recall whether Admiral Poindexter was Deputy National Security Advisor or the National Security Advisor at the time you saw the first diversion memo.

A Now I -- Mr. McFarlane was still on board at the National Security Council as the National Security Advisor, and Admiral Poindexter had been identified to succeed him, and I want to say I believe that Admiral Poindexter was functioning as the National Security Advisor.

Q So it doesn't really help you but he was at least functioning as National Security Advisor, if not the actual ational Security Advisor?

A Right.

Q So again we're back to your best recollection being that the first diversion memo that you saw was in late '85 or early '86?

A Correct.

Q All right. The first diversion memo, did it indicate an addressee or a carbon copy or CC or a copy to anybody other than Poindexter -- the one and a half page memo?

A No.

Q Was there a routing slip on it?

A I couldn't tell if there was a routing slip on it.

Q It wasn't on your copy?

A It wasn't on my copy. It wouldn't be on my copy at that point.

Q Now how about the second diversion memo, the one in April? Did that have a routing slip on the copy?

A No.

Q And did it indicate a recipient or proposed recipient other than Poindexter and, in the case of the attachment, other than the President?

A I don't recall. No, I don't think it did.

Q You read it. What was your reaction to this one?

A The second one?

Q The second diversion memo; let's call that the April '86 diversion memo.

A I didn't have an overwhelming reaction to it. I wasn't, if you will, as startled as I was. The one key thing would have been the fact that this was just more detail and a capsule of what had transpired over X amount of months prior to that point.

Q Did it seem to you by April that what you were reading was now authorized or unauthorized?

A What I was reading in April -- well, I don't know how to answer that.

Q Okay. Let's strike it, then. Did the memo that you read in April '86, the April diversion memo indicate whether anyone else knew about the subject matter apart from North and Poindexter?

A In looking at and remembering and recalling that particular memo and so forth, since it came or originatec by Oliver North and was for Admiral Poindexter, that is all I can recall.

Q You don't recall it saying that the President knows or doesn"t know about this one way or the other?

A No, I don't.

Q Now when you got the copy, did you call the originator, in this case North, or his secretary to find out what had happened with the original per your usual practice?

A As a usual practice I probably did call and ask and was told it has gone forward.

Q It was walked over would have been the usual thing?

A Walked over.

Q But do you have a specific recollection of making the call and hearing that answer?

A No, don't.

Q You are basing it upon what was your invariable practice, correct?

A Correct.

Q Now did you take that document and enter it into your system for computer file?

A Yes.

Q Putting all the entries in that you described in the record today, correct?

A Correct.

Q You put in the date of the document?

A Yes.

Q The System IV control number?

A Yes.

Q And it had a System IV control number?

A Yes, it did.

Q You put in the author, North?

A Correct.

Q You put in the addresse, Poindexter?

A Correct.

Q You put in the subject matter?

A Correct.

Q Do you recall how you described the subject matter?

A No, I don't.

Q Do you recall how you described the subject matter of the earlier diversion memo that you had?

A No, I don't either.

Q And those would have been the standard entries?

A Correct.

Q Did you make any other entries to indicate that you had a copy only as opposed to the original?

A Well, what I would do is I would indicate on the second page of this computer file that it was originated by

North on X date and it was sent to, let's say, Poindexter on X date for decision. And I would just, if you will, use used an S to indicate suspense as a code as to what the status of that particular item was.

Q And did you put an S in there?

A I put an S in there.

Q The same thing as with the earlier diversion memo?

A Correct.

Q The second page of the computer file you indicated an S on it?

A Yes.

Q Did you ever get the original of the April diversion memo, the April '86 diversion memo?

A I can't recall if I did. I just don't.

Q You don't recall one way or the other?

A I don't recall one way or the other.

Q But if you did not -- well, strike it. Did you take the copy and put it in your suspense file?

A Yes.

Q Following the same procedure you previously described?

A Exactly, yes.

Q And if you didn't receive the original, the suspense copy would have remained in the System IV file in a folder, correct?

A That is correct.

Q And as far as you know that folder and what it contained, either the copy or the original, because if the original came you would have substituted the original for the copy, correct?

A Yes.

Q And as far as you knew, as of the day you left, October 25, '86, or thereabouts, that April '86 diversion memo, either the original or the copy, was -- the hard original or the hard copy -- was in your System IV file safe; is that correct?

A That is correct.

Q And the entries about that document were still in your System IV computer file, correct?

A That's correct.

Q Has anybody ever asked you to look at your computer file for that document?

A No.

Q Has anybody asked you to come back and look through your hard copy files drawers for that document?

A I don't recall anybody ever doing that.

Q Now from the date you saw the April 1986 diversion memo until the date you left the NSC staff, did anyone ask you for that document?

A I don't recall anybody ever asking me for it, no.

Q By the way, did you resign from the NSC staff?

A No, I did not.

Q What was the occasion of your leaving?

A I was at the National Security Council as an assignment. I was on active duty with the United States Navy. That was an assignment for me. I decided I was coming up to 20-year retirement and I submitted a retirement back in June or, excuse me, January of '86. It was normal retirement.

Q You weren't asked to leave?

A I wasn't asked to leave.

Q Forgive me for asking. That's just for the record.

A That's all right.

Q Now when you heard the Attorney General's press conference in November 1986 or heard about it --

A Yes.

Q Did you actually hear the press conference or see it?

A I heard some of it and I saw some of it.

Q Were you surprised by what you heard?

A Yes, very much.

Q Why?

A Well, his press conference came on, I believe, the 25th of November. The 25th of November. My actual retirement date from the Navy was 30 November. I left the NSC around the 25th of October or 26th of October. I had taken pre-retirement leave, standard practice. Associated with my military retirement, I asked that Admiral Poindexter preside at a retirement ceremony for me, and that transpired on the 25th of November.

Q Aside from that, were you surprised? Well, we will let that go. Were you surprised when you heard the Attorney General announce that monies had apparently been diverted from the Iran program?

A Yes.

Q And why was that surprising to you?

A Although I was aware of it prior to that, this was a public announcment, exposure of the item.

Q So it was that it was being made public that was surprising?

A Correct.

Q You weren't surprised to find out that monies had been diverted from the Iran sales to the contras?

A That is correct.

Q Now did you come forward at that point and tell any officials that you had seen documents about that very matter?

A No. I never came forward.

Q Did Brian Merchant or Brenda Reger or anyone acting on behalf of the NSC call you at any time after the Attorney General's press conference and ask you if you had ever seen any memos on diversion or the memo that the Attorney General was talking about?

A Although I received a few phone calls from Brian Merchant to assist him on trying to possibly locate something, no, I don't think so.

Q Did anybody, did any lawyer acting for the White House or the NSC ever call you up and ask you if you had ever seen a memo or a piece of paper about diversion?

A No.

Q Nobody did?

A No one did.

Q Did anyone from the FBI visit you or call you and ask you if you had seen such a piece of paper?

A The FBI did call me, and I interviewed with them about this subject matter.

Q The same things you have told me today?

A Correct.

Q Did you tell them everything you told me?

A I told them -- I described this what I believe -- the November '85 memorandum, yes.

Q Did you tell them you had also seen the April 1986 memorandum?

A I believe I did, yes.

Q When was this interview between you and the FBI?

A It was 1987, I want to say. I don't remember a specific date or month. It was after Walsh was identified as Special Prosecutor. It was, let's say, two to three weeks after that.

Q Did you meet with an FBI agent on just one occasion, more than one occasion?

A Just on one occasion.

Q How long was your interview?

A I believe it ran an hour and a half.

Q And how many agents were there?

A There were two.

Q What were their names? Do you remember?

A I don't remember the names, but I do have them.

Q Do you have them with you?

A No. Well, let me check. I think I left their calling card at my house.

MR. MC GRATH: Did they at any point in that interview ask you to not disclose that interview or the contents of the interview with anyone else?

MR. BELNICK: If they would, they surely did not have any right to, so don't worry about that.

THE WITNESS: No, they didn't say anything like that. The only thing they said in conclusion is that they may very well get back to me again.

BY MR. BELNICK: (Resuming)

Q But they didn't tell you not to disclose the interview, did they?

A No. I don't recall that at all. I don't have their card with me; it must be at home.

Q Fine. If you could let me know.

A Because the interview was conducted at my house.

Q They took notes, correct?

A Yes.

Q Were you asked to testify to the grand jury?

A No.

Q Have you met with any lawyer from the Independent Counsel's office?

A No.

Q Have you met with a lawyer from the White House preparing for this deposition or interview?

A No. Well, we met.

Q You met with my friend Dean?

A Right. I met with Dean McGrath last Thursday.

Q Before you saw Victoria Nourse and Bud Hall?

A Yes.

Q Apart from that meeting have you met with any lawyers from the White House?

A No.

Q And the FBI to this day and nobody else acting for the Federal Government has asked you to look on your computer for these entries or making a search for these documents?

A That is correct.

Q Now I'm going to show you a document which I will ask -- I only have one copy, but I think we have all seen -- at least, leaving the witness out, all of the rest of us have seen this.

(The document referred to was marked Radzimski Exhibit Number 2 for identification.)

I show you Radzimski Exhibit 2. Does that look to you like a document you've seen before, if not the document you recall seeing in April of '86 or part of a document?

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Looking at Radzimski Exhibit 2, is this the first time you've seen that document?

A Yes.

Q Do any of the -- if you want to take a moment to read it, what I am interesting in -- we can take a break while you look at it -- what I would really like to know is whether you know this is the first time you have seen this particular document in this form, whether the contents of any part of it are familiar to you, whether you recall having seen it in substance -- any of it -- before.

Why don't we take a break while Jim takes a look at it and while we do other important things, and then we will come back.

A I would like to take a break, too.

MR. BELNICK: That's fine. Let's go off the record.

(A brief recess was taken.)

BY MR. BELNICK: (Resuming)

Q Have you had a chance now, Jim, to review Exhibit 2?

A Yes.

Q Just again, you never saw this document before, correct?

A Correct.

Q But what about the contents of it that you have now read? Does it sound familiar?

A Yes, some of it does sound familiar.

Q Can you point out what sounds familiar and whether you saw it in the earlier diversion -- in, let's say, the '85-'88 diversion memo or the April of '86 diversion memo, or both, or somewhere else?

A The April '86 memorandum contains the majority of what is in this particular item.

Q Exhibit 2?

A Yes.

Q Was some of it in the earlier diversion memo? Any of it?

A The only thing that I could probably say that comes out of this earlier memorandum that I recall is the statement in here on the $12 million going to the Nicaraguan Democratic Resistance Force.

Q That number is the same as you remember in the earlier diversion memo?

A Correct.

Q But much of -- and I'm paraphrasing, so you tell me if it is correct -- what I understand you to be saying is that much of the substance -- strike that -- that much of what you read in Radzimski Exhibit 2 was in the April 1986 diversion memo that you saw addressed from North to Poindexter with the attachment proposed to go to the

President; is that correct?

A That is correct.

Q And the same substance about diverting -- it doesn't use the word "diverting" but about $12 million in proceeds going for the benefit of the Nicaraguan Democratic Resistance, that sort of thing, you recall that in the April '86 memo?

A I don't recall that in the April '86 memorandum. It is here. I see it here. I recall seeing that in this earlier memorandum that I have described to you.

Q But I think you did tell me that you do recall that in the April '86 diversion memorandum there was a discussion of using millions of dollars in proceeds from the Iran arms sales to go to the contras.

A That's true.

Q And you thought it was $12 million in that memo as well, right?

A Correct.

Q So you are saying it may not have been these exact words from Exhibit 2 that you saw in the April '86 memo, but the substance was there, correct?

A Correct.

Q Aside from --

MR. MC GRATH: Does this memo in substance appear to be what you saw as the April '86 memorandum?

THE WITNESS: In substance, yes. The format is a little different.

BY MR. BELNICK: (Resuming)

Q The one you saw in April '86 had a System IV number on it, correct?

A Yes.

Q And it was addressed from North to Poindexter?

A That is correct.

Q And it had attached to it a memo from Poindexter to the President, correct?

A I believe so, yes.

Q Do you remember also with it, being the April 1986 memo, that you saw had attached to it this document called Terms of Reference, US-Iran Dialogue, which is part of Radzimski Exhibit 2?

A I believe it did, yes.

Q And do you recall whether that Terms of Reference was then dated April 4, 1986?

A I don't recall a date on it.

Q But this was the other attachment to the April '86 diversion memo?

A Yes, to the best of my knowledge it was.

Q Were there any other attachments that you recall to the April '86 diversion memo?

A No. I think it was just one attachment.

Q So your best recollection now is that what we have referred to as the April 1986 diversion memo consisted of a memo from North to Poindexter, dated April 1986 --

A Yes.

Q Which was an action memorandum.

A Correct.

Q Attached to it was a memo from Poindexter to the President.

A I believe so, yes.

Q And also attached was these Terms of Reference, US-Iran Dialogue, a copy of which is part of Radzimski Exhibit 2; correct?

A Correct.

Q Now do you recall seeing, apart from the April 1986 diversion memo and apart from the earlier one, do you recall seeing any other documents that dealt with or concerned sending or diverting or using proceeds from the Iran arms sales on behalf of the contras?

A No. I never recall any other documents that talked about the utilization of funds.

Q When you read the one and a half page diversion memo, did you discuss it with anybody?

A No.

Q Either at that time or shortly thereafter?

A No, I did not.

Q You didn't talk to Mr. deGraffenreid about it?

A No.

Q Or ask anyone at the NSC staff, hey, what do you know about this or anything like that?

A No, I didn't.

Q You didn't tell anybody about it?

A Nobody at all.

Q How about with respect to the April 1986 diversion memo? Did you discuss that with anyone?

A No.

Q Did you tell anyone you had seen it?

A No.

Q So am I correct that the first person or persons you ever told about either of those memos were the FBI agents that you spoke to sometime after Judge Walsh was appointed Independent Counsel; correct?

A That is correct.

Q May I ask did you think about coming forward with your knowledge of either of these memos or both of them after you heard the Attorney General's press conference? What I'm really asking is did you make a decision not to, or did it just not occur to you?

A It didn't occur to me to come forward.

Q But as soon as you were asked for your knowledge you disclosed what you disclosed here this morning?

A Correct, yes.

MR. MC GRATH: I would just like to say for the record that Mr. Radzimski appeared here today voluntarily and that the remarks are classified at the Top Secret/Codeword level, and thank the Committee for its courtesies.

MR. BELNICK: I would like thank you, as ever, Dean, and your colleague for your courtesy and cooperation, and unescorted Mr. Radzimski not only appeared here today voluntarily, but had appeared for a prior interview and both the House and the Senate Committees are appreciative of your cooperation with the investigation, and so I thank you.

But before we go off the record, I will ask you a question that is sweeping but that I think I know the answer to.

BY MR. BELNICK: (Resuming)

Q You know the subject matter that we are investing and talking about related to the contras and Iran. Are there any other matters that you covered with the FBI agents that we haven't gone into today that you can recall and consider something we ought to know?

A No. I don't recall anything.

MR. BELNICK: Then again than you for your courtesy, Jim, and thank you, Dean and Peter.

MS. DORNAN: Could I just tie up a few loose ends?

BY MS. DORNAN: (Resuming)

Q One was, Jim, before you left you said you were cleaning up your files and so on. At this point that first action had been in suspension for a year and the second one for nearly six months. Did you go through your files to look at these suspensions and tidy them up or anything?

A No.

Q Secondly, the fact that both these memos were -- you just got copies of them is sort of striking. Ollie often worked late in the evenings and on the weekends. Is that often when you got such things that were walked over during non-normal working hours?

A Yes. If he was working late at night and so on and so forth, he might have obtained a System IV number. I would get the item the next day.

Q Did you get a large number of those from North?

A He seemed to be about the only one that utilized System IV numbers late in the evening. He was the only one that -- he really worked late. He was the one that really utilized it the most, yes. His secretary would call me at home. I would get home from spending an hour and a half in traffic, walk in the door, and Fawn would be on the phone. She would say, Jim, we need a System IV number. I would say, my gosh, he's working late again, and I would give them a number.

Q As far as the procedure went, when something like that happened did anybody -- were the documents processed through anybody else, through the Executive Secretary?

A They were hand-carried by either Fawn or North. They could circumvent the administrative support people and get it right to the person. Ollie could take it right in and see Poindexter or McFarlane. Fawn might not be able to do that, but she might be able to hand it to the secretary and say Admiral Poindexter is waiting for this, and they might take it right in.

Q Was there anybody in Poindexter's office besides himself who would normally look at the documents substantively?

A If anyone did, it would be Paul Thompson.

Q If somebody were going to try, other than you or Brian, were going to try to get some documents out of the System IV files, how easy would it be for them to do that? What would they do?

A It could be done. What they probably could do is

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notify the Secretariat, whoever is down there, stating that they needed to get in to get an item under some pretense, whatever, and possibly get it. I don't know how successful they would be. I would think that they would be able to do it that way.

Q There are substance files, labeled files that they could go to?

A Well, anybody who had the combination could get in.

Q Once they got in the safe, would it be fairly easy for them to find them?

A It would take them some time, but the files were arranged in a manner -- like I said, I put 50 items in one folder and as long as you knew that this was current year and you opened the drawer up and saw the numbers and you could recall what number you had or you had a copy of it, you could locate it within a matter of minutes.

Q They are not labeled like Iran or Contras?

A No.

Q They had to go by date chronologically?

A Right. They went by date.

MR. BELNICK: That's all.

(Whereupon, at 12:00 p.m., the taking of the instant deposition ceased.)

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Stenographic Transcript of

HEARINGS HSITS 1-16 /87

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

CONTINUED DEPOSITION OF JAMES R. RADZIMSKI

Tuesday, August 11, 1987

Partially Declassified/Released on 3 Oct 87
under provisions of E.O. 12356
by B. Reger, National Security Council

Washington, D.C.

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CONTINUED DEPOSITION OF JAMES R. RADZIMSKI

Tuesday, August 11, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Continued deposition of JAMES R. RADZIMSKI, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 10:07 a.m., the witness having been previously duly sworn, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

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3	19
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PROCEEDINGS

Whereupon,

JAMES R. RADZIMSKI,

called as a witness by counsel on behalf of the Senate Select Committee and having been previously duly sworn, was further examined and testified as follows:

EXAMINATION

BY MR. LIMAN:

Q Mr. Radzimski, I want to thank you for coming in today. You've been more than generous with your time. You've had a number of meetings with members of both Committee staffs since your last deposition. You have cooperated in attempting to find documents on the computer for System IV. And the purpose of today's examination is to complete the record by incorporating in it some of the facts and events that have occurred since your last deposition or that you have related to us since your last deposition.

I'd like to begin with Mr. deGraffenreid. In your last examination you testified, on the pages beginning from 38 to 44, about some requests that Mr. deGraffenreid made of you in August or September 1985 for some System IV documents. I believe that you referred to about three requests and you said you didn't comply with those requests and that deGraffenreid didn't say anything further to you about it.

A Yes.

Q I understand that you now have a recollection of a conversation with Mr. deGraffenreid in which you expressed some views on this subject. I would like you, since you have seen your examination, to add to it what more you recall of this incident.

A Well, after reviewing my deposition and reviewing back in my mind what could have transpired or if there was additional items that could have transpired, whatever, I recalled tnat after the so-called second request, I think it was, or the third request that I received from him for pulling some System IV documents out of the file that he asked me into his office.

And when I entered his office he addressed me and asked me where or asked me if I had time to pull those particular System IV documents that were on a piece of paper. I believe there were six.

Q That's Exhibit 1, I believe.

A Correct -- if I had pulled those yet. And I told him I had not, and he asked me if I would please pull those because they were very important. And I hesitated and was very nervous and I replied to him that I would not pull those documents. I said -- I told him that I just do not feel right and I just cannot pull them for him.

He was obviously startled and surprised at my response. He replied in the form of saying -- asking me if I could possibly believe that there may be some underlying reason or -- not underlying reason, but I mean some possible impropriety or improper reason for him asking me for those, if something was going to happen to them, and if I felt that there could possibly be something immoral or illegal about pulling those documents.

And I thought about it. I was very nervous and I replied to him, yes, I just feel very uneasy about pulling those. I just can't do it. And he says, well, he says, I would never ask you to do anything improper or illegal, and if you feel that there may be that particular type of attachment to this request or whatever, then thank you. And I departed the office.

Q Do you have an actual recollection of that conversation as you sit here?

A Yes, sir, I do.

Q And at the time that Mr. deGraffenreid made these requests to you, who else could have had access to these documents?

A Well, obviously Mr. deGraffenreid could have had access, his secretary or the other secretaries or individuals that worked in the Intelligence Directorate.

Q Now as I understand it, the documents were kept in numerical order; correct?

A That's correct.

Q And he had in Exhibit 1 a list of the documents; is that correct?

A That is correct.

Q Had he on any prior occasions ever gone to System IV documents just in the regular course of business to look at them?

A I don't ever -- let me think. No, I don't recall him ever going personally to the System IV files and removing anything.

Q Had he ever in your presence seen how the files were kept?

A Well, he made requests throughout my tenure there for documents and he would be right there alongside me when I would pull them, if he asked for it.

Q So that you know of no reason why Mr. deGraffenreid, if he wanted to, could not have gone to the file, located the number, and pulled the document?

A That's correct. He could have done that.

Q And were there occasions when Mr. deGraffenreid remained in his office after you had gone home?

A Oh, yes. Oh, yes.

Q So that Mr. deGraffenreid would have had access to the documents without your knowing it?

A That's correct.

Q Is there any explanation that you can offer to us as to why, after you had turned Mr. deGraffenreid down on two or three occasions, he just didn't go and pull the documents himself?

A No. I really don't have an answer for that other than he may not have wanted -- well, not knowing how -- although he would have seen me pull material out for him upon other requests and so forth, he may have not upon his own taken the time to look into the files and so on and so forth. Besides, in the evening when I did leave and he was working late I maybe nine times out of ten or 95 out of 100 would lock the safes and depart.

Now the combinations were available in another safe and the safe could be reopened.

Q But you also went out to lunch.

A Well, I didn't go out to lunch that much. I'd go down and get a sandwich and bring it up and sit at my desk and brownbag all the time, so I was there. My own view would be that if he himself -- obviously the occasions were there, in my view, for him to go to the files and take the time to locate them and pull them.

Yes, he could do that. The occasion for that would obviously, I think, have to be late in the evening after my departure, or possibly on a weekend. I tried to stay away on the weekend.

Q Just to complete the record on the deGraffenreid incident, the last time you were here for an informal interview we brought Mr. deGraffenreid into this room; do you recall that?

A Yes, I do.

Q And you sat opposite him or next to him and you were prepared to and did tell him to his face what you've told us?

A Correct.

Q You didn't shrink from that, from saying that to him?

A No, I did not.

Q And you recall, did he say in your presence that he just didn't remember the incident?

A That is true.

Q Let's go on to the subject of the two diversion memos that you recall. Is there anything that you now recall about those documents that you didn't recall at the time?

A With regard to the November '85 memorandum that I have addressed, the only clarification or further recollection of that memorandum that I recall is that there was definitely a reference to a profit. The only thing that I need to clarify on it, if you will, is I'm not certain with that it said X amount of dollars to aid the contras. It could have been in two different contexts.

In other words, X amount of dollars made from the sale, or a profit, of weapons, and then the possibility that that profit could go to aid the contras. I'm not certain if there was a direct link between the two.

Q Let me just see if I understand this.

A Okay.

Q You have an actual recollection of this document?

A Yes, sir.

Q You have what I call a picture in your mind's eye of the document?

A Yes, sir.

Q And, as I recall your prior testimony, it was, what, two pages?

A That's correct -- a page and a half.

Q Now you recall as you sit here now that it referred to the fact that there would be a profit made on the Iranian arms sale?

A That's correct.

Q What, if anything, do you recall that this same document said about support for the contras?

A Okay. At the point in the memorandum that stated that there would be a profit of X amount of dollars, that the decision on how a way -- or a decision on how to use those profits, what to do with those profits, in that context, what to do with that profit or those profits, a possibility could be for assistance to the contras.

Q When you say "a possibility", that's what the memorandum said or just a possibility that you are considering?

A I think that's a possibility I'm considering now.

Q But the memorandum itself did not say that the profits could be used for the contras; or did it?

A I don't actually recall the memorandum said the profits could be used to aid the contras, but that -- what to do with the profits, one way of handling the profits or to deal with the profits could be for the assistance to the contras.

Q Well, did it say that or is that what you are now telling us?

A In reflecting on the whole thing I'm really considering what that memorandum contained. I think I stated before that there was a direct statement to the fact that the money would go, the profit would go to aid the contras. I'm not too certain if that is the case now, but that there was a suggestion, if you will, that the profits could go.

Q But the last time you -- I'm sorry. Did you finish your answer?

A Yes.

Q The last time you had a rather vivid recollection that your reaction to the memorandum was that aid to the contras would violate the law, and the one thing I do not want to do is to put words in your mouth -- and people can make mistakes. Their recollections could be tricky. The mind is fragile.

And bearing all of that in mind, I really would like you, as best you can, to give us what your present recollection is. If you don't have any recollection that it referred to using his profits for the contras, then so state. If your recollection is that it discussed that as one of a number of options, state that. But whatever it is you recall, let us have the best of your recollection today.

A My recollection is that one of, if you will, the options or means of what to do with the profits would

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have been to assist the contras.

Q What were the other options that it referred to, if any, for using the profit?

A I had written down what I had recalled that November '85 memorandum saying, and I remembered the individuals' names. I remembered the transfer of weapons or the sale of weapons. The Israelis or Israeli government was involved.

Q You wrote that down when, just recently?

A No. I think I wrote this down after we had discussions over in the Rayburn Building. That particular day I went back and I tried to think of everything that particular evening.

Q Those discussions were the discussions with Mr. Van Cleve?

A Yes, and Mr. Nields and so forth.

Q Why don't you look at what you wrote down, and I would also ask the counsel to look at it, and we'll mark it at some point, if he has no objection.

A Well, what I had written down, my recollection of that particular November '85 memorandum was two individuals, name Nimrodi and Schwimmer. It stated or it had Israel involved, the country Israel, Iran, a weapons transfer, $12 million, and the reference to contras.

Q Were there any other options?

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A No.

Q Were there any other options mentioned?

A I don't have any written down here, which means at that particular time I didn't recall any. And I've looked this over and consistently thought about this November '85, and no other items come to my mind from that.

Q Were there any other Israeli names mentioned that you can recall?

A No, not in this particular memorandum. No.

Q Do you remember the name Nimrodi and Schwimmer because you saw their names in the Tower Board report and in the newspaper articles?

A No. I saw the names before that.

Q I'm not arguing with you about that. I'm just asking you whether seeing their names in the Tower Board report or the newspapers is what refreshed your recollection about Nimrodi and Schwimmer.

A It may have assisted some in my going back and trying to recall what I had seen and when I had seen it and what the context could have been involved in certain things.

Q This is a good point to deal with, just how you would come to read memos. How many System IV documents a year would you normally get and file?

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A Items in System IV probably averaged around [redacted]

Q And, as I understand it, when you got a System IV document or the copy, as you've described it in prior testimony, one of your duties would be to read the document and then put key words in a computerized index; is that correct?

A That is correct.

Q And that would enable a computerized search to be used to identify documents on a particular subject?

A That's correct.

Q Now in the case of this document do you have an actual recollection of what key words you fed in? Again, if you don't have one, I don't want you to reconstruct because we can come to reconstructing. I just want to know what your actual recollection is.

A Let me take a moment to put myself back there, if you will.

(Pause.)

No, I have no recollection of actually entering that item.

Q Just to help me with how you would in the normal course process a document, if there was a document that said the United States is going to sell arms to Iran through Israel, that there will be a profit of $12 million, that that profit will be available for United States geopolitical purposes, including, if we wish, to the contras, that more or less is the description of the document you have in your mind?

A Correct.

Q How would you have key-worded that document in the index? Do you want a piece of paper? Would it be easier for you?

A No. I'd put in the countries involved, excluding the United States. I'd put in "Israel". I'd put in "Iran". And I may put in "Nicaragua", but then again I may put in the word "contra" or "contras". I would put in "weapons: or "armament". And I don't think I would enter anything else. I may probably put in the word "relations", but I don't know.

Q Now do I understand that in the case of this document that there are two points of reference that you are using to identify the time? One is that it occurred after your father had died and you had returned to the office.

A Correct.

Q And the second was that Admiral Poindexter had been announced as the National Security Advisor but his appointment had not formally taken effect.

A Correct.

Q My recollection is that Admiral Poindexter's formal appointment became effective on January 1, though he was announced in the beginning of December. And when was it that your father passed away?

A It was the middle of November.

Q And did you take off some time after his death?

A Yes. I was off, I think, a week prior to because he was admitted to the hospital and passed away when I was at home. And then I returned a few days after that, because of the funeral and so forth and everything. But I recall that I was back at my home in Virginia at Thanksgiving.

Q So you had not returned to your office before Thanksgiving?

A I think it may have been after Thanksgiving, which would have been probably the last week in November.

Q Now in addition to entering the information that you've described into the computerized index, you would also have identified the name of the sender of the document, Colonel North?

A The originator, correct.

Q And the recipient, Admiral Poindexter?

A That's correct.

Q You mentioned after your last examination that you kept a log, handwritten log, of System IV numbers that you assigned to originators of documents.

A That's true.

Q Explain to us how that worked.

A Okay. The log of System IV numbers was handwritten in my penmanship or others, if I was away, and assigned System IV numbers to individuals originating those documents and officially put them into the NSC correspondence system. The originator's office -- either the originator themselves or their secretary -- would call me and state that they were originating a System IV document and that they needed a number.

I would then assign them the next consecutive number and write their name or the name of the originator, along with the date, alongside that particular number. That's how the numbers were assigned. The logs were kept in my desk drawer. They were not secured or put in the safe in the evenings or anything like that.

Q Now as a result of your making available that information to us we obtained a copy of your handwritten logs and I have them here, and you've looked them over, have you not?

A Yes, sir.

Q Let's mark this as the next Exhibit, Exhibit

Number 3.

(The document referred to was marked Radzimski Exhibit Number 3 for identification.)

Exhibit 3 are your handwritten logs; is that correct?

A Correct, for three years.

Q Now let's take the one for 1985. It indicates in the first number here Fawn Hall-O. North.

A Correct.

Q That meant that for that number, which was the first number for the year --

A Um-hum.

Q -- that the originator was North?

A That's correct. Let me also say that this was not the first number assigned for the year 1985. This first sheet that you are looking at are log numbers that were set aside for individuals that were, let's say, they were working late or on a weekend and I was not available and they could not obtain a System IV number from me. They would go to the NSC Secretariat and they would obtain a number. And that's how they would do it.

But you are correct. Fawn Hall obtained this number, System IV number, for Oliver North, and this was the person that gave them that number.

Q CT?

A CT, and it was on the 25th of January, 1/25.

Q And in the case of 1985 you reviewed, both with the FBI and with us, the System IV numbers that were assigned to North in November and December 1985; am I correct?

A Yes. I had my original logs that I went through with the FBI. We have always worked with a copy.

Q The FBI had the originals available?

A That's correct. I brought it to their attention.

Q Now at the time that you looked at the logs, you had some questions about whether some of your initials were put on there by you or were put on by someone else.

A That's correct.

Q I will say for the record that we had our document examiner look at the originals and, while it's difficult to make conclusive evaluations of just initials, his best opinion was that there was no indication that these were forgeries and that they appeared to be in your writing.

If we look at the last pages, can you tell by the dates your writing? There's one on 11/26 and I don't want to, for security reasons, indicate the name of the person, but it's not Mr. North.

A That's correct.

Q Is that your writing, the 11/26 one?

A This one? Yes, that is my writing.

Q So that would suggest to you that you were back on November 26?

A Yes, sir.

Q Now the 11/21 ones are not in your writing.

A That is correct.

Q Do you know whose writing those are?

A Yes, I do.

Q And who is that?

A These initials here are the individual that filled in for me during my absence.

Q That's the one that ends on 11/22 and the initial is set opposite the document that ends with 89?

A Correct.

Q Now in a number of cases here, if we look at the ones that end on the following page with 01, 02, 03, they are just your initials.

A Correct.

Q What does that represent?

A That represents items that I myself assigned System IV numbers to, and those were only CIA intelligence reports.

Q In other words, those were documents that were originated outside of the NSC?

A That's true.

Q And that's why you don't list an originator opposite your initial?

A Correct.

Q And, as we look at these pages for November and December, in the period after you returned following your dad's death can you see any that you assigned where you have North listed for either November or December?

A No. No, there are none listed there for North.

Q Now is there any explanation that you have as to why, if the document that you recall seeing in November-December was in fact submitted to you and filed then, why you don't have a System IV number through that period?

MR. SPAEDER: Before he responds to that, let me ask one clarifying question. Can you tell us, Mr. Radzimski, whether the 1985 version of Exhibit 3 includes those portions of the log that cover the logging of System IV documents that you yourself handled, as opposed to someone else handling in your absence? You said a few moments ago, for example, that the first page of Exhibit 3, the 1985 version of same, did not actually commence the issuance of System IV documents for January of 1985.

THE WITNESS: That's correct.

MR. SPAEDER: Is there a portion of the log in existence which would contain those entries which is not present in Exhibit 3, or does Exhibit 3 contain all of those pages?

THE WITNESS: Exhibit 3 is a complete log. What I was saying here is that the first particular page here was separate, if you will. It was used for emergency.

BY MR. LIMAN: (Resuming)

Q Is there some explanation, if your recollection is a true one, that the document detected by you in November after your dad's death or December, why you don't have a number assigned to North in that period -- to North or Fawn Hall?

A No. I have no explanation for it.

Q I'm going to ask you this.

A Okay.

Q Why don't you go ahead?

A Well, I could make one comment. On occasions, when I was not present because of vacation or some time off or whatever and someone filled in for me, I did always go back or go into the file and see what had transpired during my absence.

Q Are you saying it's possible that your recollection that you entered the document is wrong and that you just read the document after someone else entered it?

A That is possible, yes.

Q But, if you look at this log, it's also true that there are no documents entered for North.

A Correct.

Q Even during the period that you went away.

A There's one here.

Q There was one document entered, not in your writing, on 11/8. Is that not in your writing?

A That is not my writing.

Q That's not your writing on 11/8.

A Correct.

Q And then there is one that I think is in your writing on November 5. Is that your writing?

A No, that is not my writing either. I was there, though, because this is my writing.

Q So you were there but someone else entered the one on November 5?

A That's correct.

Q Now, after your examination on April 29 by Mr. Belnick the FBI, at our request, arranged to go with you to the NSC to see whether you could find these documents on a computerized index; am I correct?

A That is true.

Q And you gave various key words to the FBI; am I correct?

A That's true.

Q And they in your presence were punching them up on the computer?

A Correct. A representative from the NSC was.

Q With the FBI there?

A That's correct.

Q And am I correct that that search failed to turn up either this document or the one that you remembered later in April?

A That is true.

Q Were you told also that the FBI, as a result of the information you provided, reviewed all of the System IV documents, one by one, to attempt to locate these documents?

A I think that was stated by one of the people that was assigned down there.

Q I should tell you -- I don't recall whether we have -- that Mr. Nields went over to the NSC and, for this period, had the NSC pull up documents with a view to seeing whether there could have been either a misfiling or substitution, and he was not able to find either these documents or documents that would have lent themselves to being substitutes for these documents.

A Um-hum.

Q When I say that, I mean that the documents assigned to North in your log tended to be, for this particular period or the later one, either cables or documents which had other people's writings on them, so that for a substitution to have occurred it would have involved getting a number of people to substitute their signature onto a back-dated document; you are aware of that?

A Yes, I am.

MR. VAN CLEVE: I might just add, too, for the record, Arthur, that Mr. Carome and I were present, as well as a handwriting expert from the Senate Committee, when this examination occurred to look at the documents.

BY MR. LIMAN: (Resuming)

Q Am I correct that if the document that you recall cannot be found in the computerized index and cannot be found in the whole file of System IV documents, that if your recollection is correct the following would have had to have happened? One, the document that you recall would have had to be pulled from the files and another one substituted that didn't have the references. Two, someone would have had to erase from the

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computerized index the key words that would have referred to this.

And, three, in your handwritten ledger, to the extent it doesn't show any numbers assigned to North for the relevant period, it would mean that someone made a mistake -- either you or whoever was covering for you -- and didn't bother to put his name down. That's fair?

A That's fair.

Q When you consider what would have had to have happened in order to have eliminated this kind of document and all traces of it, I ask you is it possible, having dealt with so many documents over your tenure at the NSC, having read all of the publicity about the diversion, that your mind has played a trick on you? Is it possible?

(Counsel conferring with the witness.)

MR. LIMAN: I mean it in all good faith. I hope you heard me. I said I mean that in all good faith, because I don't believe for one moment that Mr. Radzimski is deliberately dissembling.

MR. SPAEDER: I understand and all parties are proceeding in good faith and the Committee is simply trying to develop a record.

THE WITNESS: It is possible. However, I still feel that what I have seen and what I have stated,

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I have 100 percent belief in it.

BY MR. LIMAN: (Resuming)

Q It's in your mind's eye?

A Yes, sir, it is.

Q It's in your mind's eye. And the question that I'm putting is, is it in your mind's eye -- I have no doubt it's in your mind's eye, because you have described it consistently since we've been talking to you. The question I'm putting is, is it in your mind's eye because you actually saw or, or is it possible that your mind has been tricked by all of the suggestions. And your answer, I take it, is you see it in your mind's eye and anything's possible.

A Yes, sir. Likewise, to take those three steps that you have mentioned and walk over those, if you will, to change those or whatever, is possible also.

Q It is possible?

A Yes, sir.

Q But it would have meant --

A I understand that.

Q But it would have meant in the handwritten log, which is the additional document that we and the FBI have located, it would have meant this coincidence, that for the two periods involved you didn't enter the North document.

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A Um-hum.

Q And so there are a lot of things that would have had to happen in order for this to have been accomplished as your mind's eye tells you.

A Yes, sir.

Q Now let me go on.

MR. CAROME: Arthur, could I ask a couple of questions about this?

MR. LIMAN: Sure.

MR. CAROME: Could we go off the record for a second?

(A discussion was held off the record.)

MR. LIMAN: Let's go on the record.

BY MR. LIMAN: (Resuming)

Q What is the name of the person who filled in during your absence?

A Kirk Lieferman.

MR. SPAEDER: Spell that for the record.

THE WITNESS: L-i-e-f-e-r-m-a-n.

MR. CAROME: Is there any possibility that a log number was signed out to Oliver North either by you or by another person and that his name would not be there on the log? Either someone else's name would be there or, for some other reason, his name wouldn't be there; is that possible? Would that have been your practice ever?

THE WITNESS: No, I really don't think so, because if I was away for a short period of time and someone had called and one of the secretaries took the call and gave out the next number, they would write the name in and the date, or they would tell me or leave me a note and I would do that.

BY MR. LIMAN: (Resuming)

Q It was precisely because of this possibility, I should say for the record, that the FBI went through the documents one by one, not just on the North documents. And, second, it's because of that possibility, as I understand it, that John Nields went over there with you and did what I guess you'd call an audit test, pulling particular numbers that looked like they might be productive to see whether there was anything there that would look like a substitute, and we had our document examiner.

MR. CAROME: I just have one other question. Is it possible that a document could have been signed out -- given a System IV number much earlier, weeks or a month earlier, not used and then have the actual document come into your office and be signed into or put into the document index much later? What would be the normal time span between signout and arrival of the actual document in your office?

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THE WITNESS: No longer than three, four days.

BY MR. LIMAN: (Resuming)

Q Let me just explore that. If Fawn Hall called in, say, October of a year and said I want a number, and she's given a number and then, for some reason or another, the document isn't prepared, what happens to that number? At what point does she give that number up?

A She would give the number up if the item never did materialize and a decision was made not to send it on. She would call me and tell me.

Q So it would be her initiative?

A Yes. Or I would follow up because I would check after three or four days and I knew an item was out or I knew nothing had been done. I would try to verify where is this item.

Q How long would you wait before you would check?

A Three, four days.

Q Were there any occasions where a number would be assigned and then, either because you didn't check or because the explanation that was given as to why it was out was satisfactory, that you might not have had a document in your file for that number for a period of three weeks or four weeks?

A That's possible.

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Q And therefore the question really was, is it possible that a secretary in effect was warehousing numbers and just simply put a number on? You think that's unlikely, I take it.

A It's unlikely, but I had never thought about it like that. But it's possible, yes.

MR. LIMAN: Does that get those questions?

MR. CAROME: Do you know whether it was the normal practice for secretaries or originators of documents to call in for numbers towards the very end, towards the point where a document was being finalized, or would they get the number at the time where it occurred to them to actually create the document?

THE WITNESS: It was their preference, really. If they were advised way at the very beginning of something that this is going to be a System IV item, they would call and get a number right away and use that for reference purposes in calling it up from the word processor, or they might just wait until the actual item was going into a final form.

MR. CAROME: Do you know what Fawn Hall's practice was on that score?

THE WITNESS: No, I don't.

BY MR. LIMAN: (Resuming)

Q Okay. Now let's move forward to the document you recall in April. My understanding from your prior testimony was that that was a copy.

A Correct.

Q And that it was a copy of a document from North to Poindexter.

A Correct.

Q And it had attached to it a copy of a proposed memo from Poindexter to the President.

A The best I recall, yes, that's true.

Q And you do not recall ever seeing the original of those documents?

A That is correct.

Q And you do not know as you sit here today whether the document was or wasn't send to the President?

A That's true. I do not know.

Q And if I put all the same questions to you with respect to this April document that I put with respect to November concerning our inability to find it and what could be the explanation, your answers would be the same?

A That is true.

Q And again while your mind's eye sees these documents, you accept the possibility that your mind could have been tricked and your recollection could have been tricked?

A I accept that possibility, yes.

Q Now on that document you also recall that one has the same number, $12 million?

A Correct.

Q And that's the same $12 million, of course, that was in the diversion memo which we do have?

A Correct.

Q And you don't remember any profit number in the two diversion memos that you see in your mind's eye other than the $12 million? That's the number?

A That's the number.

Q And you recall that number being unchanged between the November-December memo and the April memo?

A The dollar figure that I recall and have stated repeatedly in the April memorandum was $12 million. The one that was in November I believe was the same amount. Something tells me that it may have been even higher, but I can't put a lot of credence about the fact that it was higher.

Q You can't put a lot of credence in that. I am not clear in my own mind whether when you first talked to the FBI you recalled the April memo or just the November one. Do you remember?

A Well, the first time that I spoke with them they initiated the discussion of the April memorandum --

at the end of that discussion asked if I had anything else I wanted to add or whatever. And this is when I mentioned to them and brought up to them a November memorandum.

Q When you say they mentioned the April memo, did they mention the April diversion memo that we have?

A They never showed me the memorandum that they spoke of, but they talked about April.

Q They talked about an April diversion memo with $12 million in it?

A Um-hum. I believe they did, yes.

Q But that's the April diversion memo that we have and that we got from the FBI, which is the famous diversion memo.

A I'm sorry.

Q That's a matter of public record that the Attorney General announced.

A Wait a minute. Let me think. My first discussions with them were in February. The investigators came out.

Q And that diversion memo was Exhibit 2 to your deposition.

MR. SPAEDER: For the record, have you had a chance since being interviewed by the FBI to review any of their interview notes or 302 reports on your interview?

THE WITNESS: No.

MR. LIMAN: No, he hasn't seen those.

THE WITNESS: I'm sorry. Their questions to me were had I known about weapons sales and transfers, and I said yes. And then I told them that I knew of -- now I'm getting confused here. They did not ask about, I don't believe, about diversion of funds. They were talking about weapons sales, I believe, and questioned me on that and so forth.

And then I said that I recalled back in November I had seen a memorandum. I think they did talk to me about funds. Yes, they did.

BY MR. LIMAN: (Resuming)

Q As you sit here today, what's your best recollection about to whom you first mentioned that you had seen these diversion memos -- Mr. Belnick?

A No. He was not the first.

Q Or the FBI?

A The FBI.

Q And your recollection is that you mentioned both of the diversion memos to the FBI?

A Correct.

Q But it wasn't until after Mr. Belnick conducted his examination that the FBI brought you over to the NSC?

A That's correct.

Q And that was several months later?

A Yeah. That was April 30.

Q Now I also understand that since your last examination on the record you have a recollection of some three other documents relating to the arms sales mentioning the Israelis in the early fall of 1985; is that correct?

A Correct.

Q When did you first recall those?

A These came to my mind or my recollection at the time that we first met at the Rayburn building.

MR. VAN CLEVE: This would be late July.

BY MR. LIMAN: (Resuming)

Q What is it that triggered the recollection about those?

A Well, it was the questioning by everyone presence of facts concerning memorandums that I had seen in November and in April, and then specific questions of any other that dealt with shipment of arms and so forth. I'm trying to remember the one --

Q What do these documonts say, as you see them today?

A Well, the ones I recall in early '85 or prior to the November '85 -- I recall at least two other memorandums that dealt with the transfer of arms to Iran -- Israeli transfer of arms.

Q And these dealt with Israeli transfers of arms but not diversion?

A Correct.

Q And do you remember anything about the substance of them?

A I think there was only actually one more or one other memorandum prior to November that discussed Israeli transfer of weapons to Iran.

Q You just looked at the piece of paper that you referred to before. As I understand it, at one point you recalled that there were three documents before November. A moment ago your recollection, as I heard it, was two, and now you've looked at the paper and it was one. I would just again urge you to sit back and what is your best recollection.

(Pause.)

A Okay. My best recollection is that there was one other memorandum prior to November.

Q Were there other memos besides these that we have just discussed -- the one prior to November and the two diversion memos?

A My recollection -- and I wrote some notes down here so I would not forget these, if you will -- in 1985 I recall two memorandums that dealt with arms shipment.

Q One before November?

A One before November and one in November, or it could have been October.

Q Before your father's death?

A Yes. And those were discussions about Israeli shipments of weapons to Iran.

(Counsel conferring with the witness.)

Q Do you have anything you want to add?

MR. SPAEDER: I've asked him to reflect a little bit more on his answer before he responds.

(Pause.)

THE WITNESS: I know that there were three shipments of weapons to Iran that involved the Israelis in '85.

BY MR. LIMAN: (Resuming)

Q How do you know that? I'll let him finish his answer. I didn't mean to interrupt.

A And I know of two of those shipments that I can state, one being in November and one before that, because there had been a System IV memorandum concerning that, discussing it. The other one, or the third one, which I think was sometime earlier in '85, I think that particular one came out. I can't recall seeing a System

IV item on it. I think that was something that I have learned through all the public testimony.

Q You said there were three shipments in '85. How do you know that? Is that from the testimony and the Tower Board report?

A Yeah. That came out during testimony, I believe, and during the Tower report, but I recall seeing also two memorandums on two of those particular items.

Q When you say that there were three shipments in '85, you are referring to the 100 TOWs in September, the 400-odd additional TOWs in September, and the HAWKs in November; is that what you are referring to?

A It would have to be, although I don't know weapons per se -- HAWKs and so forth -- but if that's what they were, then that's what they were referring to.

Q How closely have you, incidentally, been following this? Did you read the Tower Board report?

A I haven't read all of it, but I've read portions of it.

Q And have you been watching the hearings?

A Yes.

Q Let's go on. I am interested in that April memo.

A April '86?

Q I can understand you had a frame of reference for your dating of what you see as the memo in November. How do you place a document that you later saw as being April as opposed to May or March or June?

A The April memorandum that I recall seeing myself, a copy of it, was entered in System IV. I recall it being April. I recall it being April because I attached significance to it because the item was drafted -- there was a memorandum for the President in that memorandum.

Q I'm asking about dating.

A And I recall that to me this was the first time that I could see a monetary figure, $12 million, going to aid the contras and this being sent to the President and the President becoming aware of it in writing, across my desk.

Q That was the significance attached to it?

A That was significant. And because of that I've stated, and I recall, that I tried to remember the date specifically because of that significance and I looked at the date and tried to recall the specific date, which I'm not able to do by day or date, but by month, yes.

Q Before or after Easter?

A Not knowing when Easter was in '85, I've stated it was mid-'85 -- excuse me, mid-April.

Q Okay. As I understand what you are saying, for some reason or another you have a recollection of it being April and you've selected mid-April because that's the middle of April?

A Um-hum. No. I also attach to it the fact that attached to that particular memorandum was this attachment that's called Terms of Reference, and it was through various interviews that I recalled the fact that I had seen the terms of reference before and that was with regard to Mr. McFarlane's trip.

Q You saw the terms of reference before you saw them published in the Tower Board report?

A Yes.

Q And you saw them attached to a memo?

A As best as I can recall, they were attached to a memorandum, yes.

Q And is it your recollection that you saw them attached to a memo that referred to diversion?

A If we were referring to the April '85, yes.

Q April '86.

A April '86.

Q Are those terms of reference that you recall an exhibit to the April diversion memo that you entered into the System IV files, as you recall it?

A Yes.

Q Now do you recall in your mind's eye, again, whether the memo that went to the President referred to the diversion or just the memo from North to Poindexter?

(Counsel conferring with the witness.)

A My recollection is that the memorandums were capsulized that were addressed from the National Security Advisor to the President, and I do not recall -- I think I've stated before I do not recall seeing $12 million going to the contras in that particular memorandum, although I do recall seeing it in the other memorandum.

Q When you say in the other memorandum, you mean in the memo from North to Poindexter?

A Yes, sir.

Q Let me turn to the last subject on my agenda. You have recalled since our last meeting, I believe, a conversation with Colonel North in November.

A Yes, sir.

Q Now is this something that you've recalled since the last meeting or was this something that you just weren't asked about on the record in April and that you actually recalled then?

A Well, I recalled it after we had initially met in July, I think it was.

Q So you didn't recall it at the time you were questioned in April?

A I did not.

Q Okay. Tell us about this conversation.

A Well, my recollection of what transpired and of the conversation was that it was the beginning weeks, within the first two weeks of November. I returned to the NSC to check on arrangements that were being made for my retirement, a ceremony and so forth. I also had written inputs for my particular performance evaluation that had to be completed. So I returned to the NSC to handle those couple of things, and to also stop in the office and see the people and see what was going on.

Q How long had you worked there?

A At the NSC?

Q Yes.

A From August of '83 until October '86, so it was three, three and a half years.

Q It had become home?

A It had become home, exactly. So I was chatting with people and so forth, and I also knew that if my retirement ceremony was going to transpire that I wanted to keep it very low key. I didn't want a large turnout, a traditional turnout, so I wanted to make sure that would transpire and I wanted to ask key people if they would attend.

Q People who you were friendly with or you had worked with?

A Who I had worked with and people that I liked, if you will, and would appreciate having them come and so forth. But during that particular visit I was looking for Colonel North to ask him, and I didn't find him initially, so at my departure, when I was leaving, I did see him.

Q As you were leaving that day?

A As I was leaving that day. I'd only been there for about maybe two hours, I guess.

Q Where did you see him?

A I had just departed room 300, which was my particular office there, or suite of offices, and he was outside his office, best I can recall. And I just made a general comment to him about, you know, good afternoon, or exchanged courtesies, and he looked at me and he says: Oh, hi Jim. And he made a comment: Have you been following what's been going on in the newspapers -- or something like that.

Q Referring to all the storm about the Iranian arms sales?

A Correct. And I said yes. And he just shook his head and he said: All those System IV documents. And I don't remember if I replied back or if I said anything or I just acknowledged what he was referring to.

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And that was it, because we were some distance away. We weren't standing next to each other. We were some distance away from each other.

And he went on his way and I went on mine.

MR. LIMAN: Let's take a recess for a moment. Would you look at this handwritten note and see if you have any objection to our marking it since he's used it to refresh his recollection?

(A brief recess was taken.)

MR. LIMAN: Let's go on the record.

Would you mark this as the next exhibit?

(The document referred to was marked Radzimski Exhibit Number 4 for identification.)

BY MR. LIMAN: (Resuming)

Q Exhibit 4 are the handwritten notes. Would you just describe what they represent without getting into the entries, because we will cover the entries?

A Well, this represents an attempt by me of trying to commit to writing System IV documents that I had, that I recalled seeing concerning this Iran and the contra episode.

Q Now you prepared this after your last meeting in July with us?

A That is correct.

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Q If you look at it, the first line is Memos to RCM.

A That's correct.

Q That meant these were memos that you recalled going to RCM?

A To Mr. McFarlane.

Q Then under that it says September.

A Or about Mr. McFarlane, if you will.

Q September-November shipment approvals. What does that mean, "approvals"?

A September-November shipment approvals. That's my recollection of specific System IV documents originated by Oliver North to Mr. McFarlane concerning shipments of weapons by the Israelis to Iran.

Q And "approvals" means what?

A Approval means that the transactions were approved or, if you will, were okay.

Q Approved by whom?

A Approved by the United States Government.

Q After that it has P in parentheses.

A P approved.

Q P with a circle. P means President?

A President approved, which my recollection is that this was a memorandum or these two items were memorandums by Colonel North to Mr. McFarlane that discussed the shipments and sought Mr. McFarlane's approval, approach the President and obtain his approval for this to transpire, if you will.

Q When did you first recall that you had seen any memos seeking the President's approval for the September-November shipments?

A Well, my first recalling this was -- well, since I made these notes after our gathering in July, I recalled it after that. During the course of that interview I was asked if I had seen other ones, and I tried to commit these to paper from that.

Q So your first recollection that you have in your mind of documents seeking the President's approval for the Israeli shipments took place sometime in late July or early August, 1987?

A Well, I think -- personally I think I recalled it before that, but I never stated it to anybody, in other words.

Q When do you think you first recalled seeing any memos seeking the President's approval for the Israeli shipments?

A I don't think I can say with any assurance that I recall seeing it -- you know, remembering this on any specific occasion prior to July of this year.

Q You would have told us if you had remembered it, wouldn't you?

A Yes.

Q Let's go to the next one. The next one are memos to JMP. That's your effort at reconstructing what you recalled of memos to John Poindexter; am I correct?

A Correct.

Q And the first one is November and it has in parentheses various names, and this refers to what you have described as that November-December diversion memo, right?

A That is correct.

Q And it says Nimrodi, Schwimmer, Israel, Iran, weapons transfer, $12 million, contras?

A Correct.

Q Then you had something down there right after it which is, I think, November-December, oil equipment in parentheses.

A Yes.

Q What's that all about?

A That refers to a memorandum that I saw during that time frame, and it was probably more December now than November, concerning oil equipment, and specifically transfers of weapons under the premise that it was oil equipment.

Q Okay. And you remembered that for the first

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time, I take it --

A Correct.

Q -- After our July meeting?

A Um-hum.

Q And after you had heard the testimony about this whole oil equipment cover story?

A Correct, because at our July interview, if you will, Colonel North had already testified and Poindexter was still testifying and so forth, so events were coming out, and I was going back.

Q The next memo that you refer to is December-March, second channel. That's a memo relating to the second channel?

A Yes.

Q Now you never saw any memo that used the term "second channel", did you?

A I believe my memory tells me that the only thing that I can remember is that there was a memo and the subject was the second channel.

Q The second channel, we all know, didn't open up until sometime in the summer of 1986, and the second channel tends to be used in the Tower Board report and our testimony. Are you positive that this isn't something that you are confusing with what you have read in Tower or heard in our hearings?

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A You know, I tried to document what I thought I had seen in System IV and one of those was a memorandum in this time frame. The subject was the second channel, if you will.

MR. SPAEDER: Using that terminology -- second channel -- or using some other language?

THE WITNESS: No. I think it was that terminology, specifically the second channel or a second channel.

MR. LIMAN: I have just been asked about whether the testimony was under oath. Yes, this is a continuation of the deposition and you understood you were continued under oath?

THE WITNESS: Yes, sir, I did.

BY MR. LIMAN: (Resuming)

Q The next one is March-April, and I can't read your writing.

A It was just a long memo with TOR, terms of reference, for RCM trip.

Q Long memo. Okay. That's the one you referred to earlier when you talked about the memo in April 1986. Is that the diversion memo that you're talking about that has the terms of reference attached?

A I don't think it was, no.

Q This is an additional one?

A Right, another memorandum. As I stated, I had seen the TOR -- I believe I saw the TOR on another occasion.

Q Do you know what's under that line, beneath it? You struck it out, but what is that? Is it "ask President's approval"?

A I think it said "March Pres. approve".

Q And you struck that out because you didn't remember it definitely?

A That's true.

MR. CAROME: Did you strike that out today?

THE WITNESS: Yes, or the other day.

BY MR. LIMAN: (Resuming)

Q Look at the next one. It says -- what's the first word? Believe I saw/received November '85 Presidential Finding?

A Correct.

Q And that's something you just recently recalled; is that correct?

A Yes, right.

Q Tell us what you recollect.

A That's based on, if you will -- I think it was during Admiral Poindexter's testimony where there was projected up the cover memorandum from the DCI to Admiral Poindexter that stated that -- I think it was something like here's the Finding, but had the comment in there about this should not be handled via anybody below us, or only at our level.

Q Right. There was a cover memo from Director Casey to Admiral Poindexter.

A Right. And when I saw that I thought about it and thought about it, and I said, well, wait a minute. My memory tells me that I actually received that particular item. I believe what happened was it was hand-delivered from the Agency, and the normal process would have been for Findings to come to our office.

Q Would they normally go to you?

A Yes.

Q And then you would circulate them?

A I would circulate them.

Q And the first time you recalled this was recently?

A Yes.

MR. CAROME: Wouldn't you have assigned that document a System IV number at that time?

THE WITNESS: Well, I would have, but before I would even do that I would read the item.

BY MR. LIMAN: (Resuming)

Q And that document wasn't assigned a System IV number?

A That's correct.

Q Next is "second channel to D.C.", and that refers to the visit of the second channel to the District of Columbia?

A That's correct.

Q The next one says "Secord".

A Two points that I recall. I saw a memorandum about the second channel or individual coming to the District. I remembered two points of that particular memorandum. One was, I believe, that it stated that Secord handled those arrangements, and the other item was that the aircraft or they arrived at Dulles and there was arrangements made for them or whoever to get through Customs and so forth.

Q Now you have two other memos: RCM meeting, London, and that is a memo that was written by whom to whom?

A Well, this down here are items that I listed separately down here. I don't have -- I can't say emphatically that I did see them. But I generally believe I did. And one was about Mr. McFarlane's meeting in London, and, of course, that would have been a memorandum from Oliver North.

Q And the second one was Oliver North's meeting in Frankfurt, and that also would have been a memo from

Oliver North?

A Yes. Then I added to that the number two with a question mark, which I believe that there were two such meetings.

Q And there are question marks because you are not sure. Do you recall whether you saw memos like that?

A Well, I am sure that I recall seeing a memorandum saying North was going to Frankfurt, if you will, but I am in doubt as to whether or not there were two. There could have been two.

Q Look to the next line. What's that?

A Okay. This is on reflection I said "learned of reply to Barnes from the newspaper" -- in other words, Mr. McFarlane's reply to Congressman Barnes.

Q You saw in the newspaper?

A I read it in the newspaper.

Q The next thing is --

A "Saw Oliver North in early November, '86. All of System IV docs."

Q Okay. Then under that there was something else.

A That was a question I had for you the last time I was down here, if you will, when we were trying to reconstruct. What it said was "Fawn Hall disk, any memos on there."

Q Have you been called before the grand jury yet?

A No, sir.

MR. LIMAN: I have no further questions. I want to thank you. George, do you have some questions?

MR. VAN CLEVE: Patrick, why don't you proceed?

BY MR. CAROME:

Q I just have a few questions. When you were at the NSC did you ever see and read classified documents that were outside System IV, or did you limit yourself only to System IV documents?

A Yes, I did see items outside System IV.

Q Is there any possibility that the documents you've testified about today, which you have described on this exhibit, handwritten exhibit, are not System IV documents?

A No.

Q You are sure that they are System IV documents?

A These I am sure are System IV documents.

MR. LIMAN: Would you ask him the circumstances under which he saw non-System IV documents?

BY MR. LIMAN: (Resuming)

Q How would you see those documents?

A Only in events of some particular -- it doesn't pertain to this -- in other words, an extremely grave, sensitive issue, if you will.

Q Okay. And in those cases they wouldn't be assigned a System IV number, but they might be kept in your safe?

A Yes.

Q That's what you're referring to?

A Yes.

BY MR. CAROME: (Resuming)

Q After the conversation you had with Oliver North in November '86 that you'vo already testified to, have you since that time ever seen or talked to North?

A No.

Q That was the last time you've seen or talked to him?

A The last time I saw him.

Q What did you think North was referring to when he mentioned "all those System IV documents"?

A Well, what I believe he was referring to was the American press was beginning to publish newspaper articles concerning weapons transfers to Iran.

Q And you thought that the System IV documents he was referring to were System IV documents relating to the arms sales to Iran?

A Yes, yes.

Q Did he say anything that led you to believe that, or that is what you just assumed?

A No, that is what I assumed, because it was understood between us that, you know, he had written them and, yes, I was aware of them because I had saw them. And now the information was starting to be published in the press, if you will, concerning this particular chain of events or these sales or transfers or whatever you want to call them.

So, in other words, he was acknowledging to me the fact that they existed. I was aware of them because I saw them. They were in System IV, and information was now being put in the regular newspapers, you know, speculating about it.

Q Was the incident that you have talked about or the series of incidents that you have talked about today where deGraffenreid asked you for original System IV documents the only time that he asked to charge out actual original System IV documents?

A No, it was not the only occasion that he ever asked me for System IV documents.

Q Were there other times when he asked for and you provided him with original System IV documents?

A Yes. Yes.

Q What made you think that there was something different about this occasion?

A There was the events that led up to this particular request to him, and that is that -- the publicity in the newspaper and also the speculation that the NSC, and I think even Oliver North was mentioned in the newspaper, were providing assistance to the contras at the time that the Boland Amendment prohibited it.

So those particular type of events. Here comes a request from Congressman Barnes asking for information on it or something like that and, you know, Brenda Reger puts out a memorandum that says, you know, check your systems for this and that, and I identified items and brought them to her attention and so forth and so on.

Q Well, you still really haven't said why the request on that occasion was not honored by you, whereas on earlier occasions it had been.

A Right. The requests prior, before that, you know, from Mr. deGraffenreid for original documents and so forth were, you know, mainly items that he was using for reference purposes to write additional memorandums on and so forth, or somebody had mentioned something, brought to his attention -- I didn't routinely show him everything that was put in the System IV. But if another

NSC staff member mentioned to him, hey, did you see an item that I sent forth on this and so forth, and he says no, I didn't, he might come back and ask me and I'd show it to him. He returned those items to me.

But it was just the events surrounding this particular request that, with those other events transpiring and so forth, and then publication in the press that the NSC is not involved in this, assisting the contras and so forth, which I knew was contrary to what's actually happening. There was assistance being given.

Q Let me just ask a few questions about your handwritten notes, Exhibit 4. Just so I understand your testimony, is it your testimony that each of these separate memos that you have listed on this document were System IV documents which had System IV numbers assigned to them and which were at one point entered into the System IV index?

A That is correct.

MR. SPAEDER: That was with the exception of the Presidential Finding in November '86?

THE WITNESS: That's true.

BY MR. CAROME: (Resuming)

Q Why is that exception? I thought you said before that you would have given that document a System IV number.

MR. LIMAN: He said he didn't.

BY MR. CAROME: (Resuming)

Q You did not?

A I did not.

Q I misunderstood you. I'm sorry.

MR. LIMAN: He said he normally does.

BY MR. CAROME: (Resuming)

Q Why didn't you give this document a System IV number?

A Well, the procedures for handling Presidential Findings were that they were distributed to a much wider audience, and here this was being stated that -- not to do this, and we'll handle it at our level. And I made a decision not to put it into a normal process, and that is just to deliver it.

MR. BELNICK: May I ask a question? What did you do with the Finding?

THE WITNESS: I delivered it, with the note.

MR. BELNICK: Did you keep a copy?

THE WITNESS: No, I don't think I did.

MR. BELNICK: Who did you deliver it?

THE WITNESS: Well, I'm sure I probably sent it straight over to Admiral Poindexter.

MR. BELNICK: Personally?

THE WITNESS: Walked it over and probably handed it to his secretary and said give this to Admiral Poindexter. I don't recall if I actually handed it to her.

MR. LIMAN: Assuming that it came in to you as the receiving station at the NSC, not directly to Poindexter?

THE WITNESS: Correct.

BY MR. CAROME: (Resuming)

Q When do you recall that happening?

A Well, I recalled it when I saw the particular copy that was shown to Admiral Poindexter during his interview.

Q Before or after Thanksgiving? Can you remember?

A You've got me confused. I recalled seeing, believing I saw this when Admiral Poindexter was testifying. However, you know, the actual time I first saw it was, I believe, was when it actually came down to the NSC from the CIA, which was, I think, November '85, it would have been.

MR. SPAEDER: Your observation on television during Poindexter's testimony of a blow-up of the Finding, did that stimulate your memory as to the actual act of delivery or did that stimulate your memory that you had believed you had seen the document before?

THE WITNESS: I believed I'd seen it before.

BY MR. LIMAN: (Resuming)

Q What you're saying is that when you saw it on television it evoked some memory that you had seen it before and you either recall or concluded that if you saw it before it was when it was delivered to the NSC?

A Correct.

Q And what has stimulated that is seeing it on television?

A Correct.

BY MR. CAROME: (Resuming)

Q If we could quickly talk about the memo that you have a parenthetical on "oil equipment", what do you recall about that memo?

A It was a memorandum which discussed difficulty with moving weapons from a warehouse [redacted] and the fact that arrangements were going to be made to move it, and I think they said they would disguise it as oil equipment and that they would try and see if the Agency, the CIA, would assist in doing that, disguising it as oil equipment or saying a cover story for those was oil equipment.

Q And that you recall being a memorandum from Oliver North to Mr. McFarlane?

A No, Poindexter. It's under memos to JMP.

Q I see.

BY MR. LIMAN: (Resuming)

Q Can I just ask about a document that we have not questioned you about on the record? Mark this as the next Exhibit. It will be Exhibit 5.

(The document referred to was marked Radzimski Exhibit Number 5 for identification.)

Why don't you look on with us as we do it?

Exhibit 5 is a document dated 1/25/85 at the top. We got it from the NSC's files. Is that, the first note in it, a memo from -- handwritten note from Mr. deGraffenreid to you?

A Yes, it is.

Q It says: "Jim, please collect all copies of the Hamilton letter. VP has one or two. Phil Hughes. Kimmett got a copy of the LDX." What's an LDX?

A That's a transmittal sheet. In other words, they would take the original document and put a transmittal sheet on it, which is what these things are called, and it was electronically sent. It's an LDX. I don't know what the initials stand for.

Q Can you explain what this note is all about?

A I think I was shown this before, and my note back was LDXs from Sit Room file, NSC file, or

Secretariat file, I think that's Chris Lehman, and Ray Burghardt were retrieved and destroyed. Kimmett's copy destroyed by him. DeGraffenreid's copy destroyed by June, June Bartlett.

Q What were you being asked to do in this memo?

A What he was asking me to do was to obtain all copies that were ever made of HPSCI letter to Secretary of State of 16 January 85 concerning funding for the contras.

Q He was asking you to obtain all copies of the letter from HPSCI, which is the House Intelligence Committee, and obtain all copies of that letter?

A Within the NSC or White House, yes.

Q And then to arrange for the copies to be destroyed?

A Bud wants them all collected and accounted for. When you get them all, please see me. He wants them all collected and accounted for.

Q And then your note back --

A He says come see me, so I did. I did what he told me.

Q And when you came to see him, what's the message that you wrote in your writing beneath it? What does your note say?

MR. SPAEDER: I just want to speak with him first.

MR. LIMAN: Go outside.

MR. SPAEDER: We'll just be two minutes.

MR. LIMAN: Do you want to take the memo with you?

MR. SPAEDER: That would be helpful.

(Counsel conferring with the witness.)

BY MR. LIMAN: (Resuming)

Q Do you remember what that note was, what your response was?

A Yes. I recall the note and Mr. deGraffenreid asked me to go out and obtain the copies of this particular item and he states Mr. McFarlane wants it done and see him after I do it. So I went out and I collected as many copies as I could and came back and saw Mr. deGraffenreid, and his instructions obviously were to go ahead and destroy those, so I did this.

Q And you kept the original in the file?

A And per my note here it says that package, the System IV item, all copies retrieved and destroyed, which were other copies that were sent out, except the original, which was in the file, a pre-brief copy that the Vice President had, and Ken had a file.

Q So that what in essence you were doing here was that you were making sure that this document was kept closely held and that people throughout the organization didn't have copies?

A I guess, yes.

Q And this was currently being distributed rather widely. It was a document from Congress and you kept a file copy. The Vice President had his copy and deGraffenreid had his; right?

A Um-hum.

MR. LIMAN: I have no further questions.

MR. CAROME: I don't have anything further.

BY MR. VAN CLEVE:

Q Jim, first I want to start off by saying that I appreciate the fact that you have taken the time and been as cooperative with the Committee and its staff as you have been. I also want to say that I think you are aware that there's a possibility that your testimony is going to be released publicly and that that will be the case even though none of the Members of the Committee have had a chance to meet you and talk to you.

So you must appreciate the importance of the testimony that you are giving here and that it be completely accurate, and if you have any questions at all about your ability to recall events it's very important that you tell us that and that you tell us that now.

Having said that, you paused for long periods of time before responding to a number of questions that Mr. Liman asked you. Does that indicate that you are having some difficulty recalling certain events and, if so, which events are they?

A Well, understanding, you know, how significant and important what my testimony is, I am sure that those hesitations -- I feel that those hesitations are required in order that, you know, what I put forth is what I believe and what is my best recollection. And that's about --

Q So it's your testimony that you are not having any difficulty recalling the various events that you've talked to us about.

A I don't think I am. Maybe I'm having a little bit, but I'm sure that's coming with the passage of time, stopping every time and going back and saying, okay, did I. Because what I'm trying to do each time I respond is put myself right back at that particular point and recall exactly, as best I can, what transpired.

Q Right.

A Not just to repeat myself, oh, I've said this before; I'll say it again.

Q Sure. Well, that's exactly what we want you to do. Again, it's very important if at any point you get asked a question and you just legitimately can't recall, I think everybody has had that experience and so there's nothing wrong with that. I just wanted you to be comfortable in saying, gee, I can't recall this or I'm not sure of my memory -- that type of thing. Okay?

I really just say that as a kind of a preface because I do have some very specific questions that I want to ask you, and I don't want there to be any hesitation on your part in letting us know, because we are relying entirely on your memory at this point. I don't want there to be any hesitation at all in your letting us know if you are having difficulty with something.

MR. LIMAN: Putting it differently, Jim, there's nothing to be ashamed of if you don't recall and saying that you don't recall.

BY MR. VAN CLEVE: (Resuming)

Q That's right. Now you've testified in your first deposition on April 29 that you recalled seeing two documents which referred to what I'm going to call for convenience only the diversion proceeds from the arms sales to the contras; is that correct?

A Correct.

Q As for the first document that you testified about, which you placed in the time period late 1985, you recall that that document was a copy; is that correct?

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A That is correct.

Q Now that has a very important significance within the document control system at the NSC, doesn't it, and that means that what you got was a draft; is that correct? When you get a copy of a document, you are getting the document as it comes into the system.

A But I wouldn't consider it a draft.

Q I'm not being as precise as I should be. You explained this at your first deposition and I want to be clear about it. But, as I recall your explanation at the first deposition, when you get a copy of a document it means that the document is starting through the system on its way over to the West Wing for some kind of either information or action, but that you don't have the after-the-fact document. You in effect have the input stage for the document; is that fair?

A Correct. What I have is a mirror image of what is sent forth into the system.

Q Okay. So we're clear on that. And my recollection is that you testified specifically that you never did get an original of that late 1985 document and your memory is very clear on that, right?

A That is correct. I recall not receiving the original back.

Q And for that reason you would have no way of

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knowing what action, if any, was taken with respect to that memorandum?

A That is correct.

Q But you did testify that your memory is clear that you don't recall any reference to the President?

A That is true.

Q As to the second document -- this is the document that you have placed in April of 1986 -- I want to ask you this question on the record. You testified earlier that you recall that the memorandum was directed from Colonel North to Admiral Poindexter.

A Correct.

Q And that attached to it was a memorandum from Admiral Poindexter to the President, as you recall it?

A Correct.

Q The first question I have is: do you have any independent recollection of the fact that there was a second document? Let me tell you why I ask that question. At your first deposition you testified, and I believe I'm quoting you here, "that normal procedure tells me there would have been two memorandums". That's at page 69 of your first deposition.

A Yes.

Q And I took it from that that you really didn't recall for sure whether there was a second memorandum, but that because of the normal way business was done at the NSC, where you have a staff memo to a superior and then some sort of a cover if the thing is to be forwarded on, that you recall that it probably happened that way. Do you have a distinct independent recollection that there was in fact a second memorandum?

A I think you are correct. I think you are correct. I do not have a distinct recollection of seeing a second memorandum. But, in referring to my testimony, there was a memorandum from Colonel North to Admiral Poindexter which discussed the diversion and the amount of money. Yes, I do distinctly recall that and an attachment of the terms of reference.

Q And again I believe you testified at your first deposition that you had only a copy of the memorandum that you do recall, and again that means that you would not have had any basis for knowing what was actually done with that document; is that correct?

A Correct.

Q As to the question of what action might have been taken on the basis of this particular document, the spring 1986 document that you referred to, that would be true as to either or any part of the memorandum. You simply would not know, since you had a copy, what was ultimately done with that document -- whether it was approved, referred to someone else. You simply would not know that?

A That is correct.

Q And there never came a time when you got the original of the document, so you really had no way to know; is that correct?

A Correct.

Q Now earlier today Mr. Liman asked you some questions about the work that you've done in cooperation with the Committee and its staff in some independent efforts that the Committees have made to try and find records of the existence of these documents or find the documents themselves, and he talked about the fact that there had been a review of the computer index itself in which you personally participated; is that correct?

A Correct.

Q And he also talked about the fact that a physical document-by-document search had been made by the FBI looking for this document; is that correct?

A Correct.

Q And we've also talked about your handwritten ledger and the fact that it also creates a record of these documents.

A Correct.

Q Now if I understood Mr. Liman's questions and your answers correctly, if someone -- if these documents in fact existed at some point and if someone wanted to eliminate all records of their existence, then all three things would have had to occur at the same time. That is, the physical document would have had to have been pulled and a substitution made. The computerized index would have had to have been erased, and the handwritten ledger would have had to have been altered in some way or an error would have been made in the ledger, as the case may be.

But all three of those things would have had to happen independently of each other and at the same time in order to eliminate all traces and all records of this document.

A I think that's right.

Q I just wanted to make sure I understood that because you are very familiar with the document control system, and I wanted to make sure that in fact I understood correctly that all three of those things would have had to happen independently.

Now you've testified about access to the documents themselves, and my recollection is that at your first deposition you told us that there were somewhere on the order of eight people who would have had access to the physical documents.

A Correct.

Q And those were the staff members of the Intelligence Directorate basically; is that correct?

A Correct.

Q So that would not include, for example, Colonel North?

A That is correct.

Q Because he doesn't have access to Room 302 where the documents were stored?

A Correct.

Q It would not include Admiral Poindexter because he similarly does not have that access; is that right?

A Correct.

Q And as to the computerized index, the System IV index, to your knowledge did either Colonel North or Admiral Poindexter have access to the System IV computer index at the time period we're talking about?

A I do not know if they had access, so I would say no, they did not.

Q If I told you the records did not reflect they had that kind of access, that would not come as a surprise to you?

A No, it would not.

Q Because in fact you and Brian Merchant were the types of folks who had access to that system at that time; is that correct?

A That's correct.

Q And again as to the handwritten ledger you testified that you stored it in your desk drawer, as I recall.

A Correct.

Q So that it would have required the ability to gain access again to the Intelligence Directorate for someone to physically obtain the document and make alterations; is that correct?

A Correct.

Q Now I wonder if you've noticed as I've gone through this that in fact different groups of people -- not the same people -- would have had access to the different pieces of the puzzle that would have had to fit together in order to make it possible for all traces of these documents to be destroyed. That is, it isn't the same group of people who have the necessary access.

A Correct.

Q And that's one of the things that's good about the NSC document control system, right, is that no one individual actually has all of the accesses necessary to eliminate records in the way that we have described. There are some checks built in.

A Exactly, correct.

Q Now my recollection is that you testified at your first deposition that it was your view that these documents that you believe existed at one time should still have been in the NSC files when you left the NSC staff in late October 1986; is that right?

A That is correct.

Q But isn't it the case that you've described to us the fact that a number of different individuals would have had access to these files at times when you were certainly not around?

A Correct.

Q And that therefore the documents could have been removed, assuming for the moment that they did exist, they could have been removed a long, long time before you left the NSC without your ever having had knowledge of that fact?

A Correct. I did not routinely go back.

Q And there's no audit system, is there, that goes back periodically and checks the index against the documents or anything like that?

A Correct.

Q So the fact of the matter is that if these documents ever existed they could have been removed from the system, for all we know, in early 1986 without your knowledge?

A Right.

Q That's no commentary, obviously, on your work as custodian because obviously you took all the proper security procedures and so on.

A Yes.

Q But the fact is that there's no basis at all for believing that these documents were in those files on October 25, 1986 when you left the NSC; isn't that correct?

A Correct. I might add, if you will, up until August of '86 all System IV original documents were secured in a combination safe. After, or sometime in April of '86, I believe, they were not stored.

Q Did you say April or August?

A August '86 they were not stored in a combination type safe because of the refurbishment in the office. They were in a regular secretarial type, office type file cabinet.

Q Just so the record is clear, I think you did testify -- either you testified at your first deposition or you told us in a subsequent interview that the same people who had access to the Intelligence Directorate itself would have had access to the combinations necessary to open the safe and to remove those documents.

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A That's true.

Q Jim, are you aware that Colonel North testified specifically in response to a question before the Committee that to his knowledge none of the documents that he drafted that referred to a diversion of funds to the contras were System IV documents? Are you aware of that?

A I'm not certain. I know I'm aware that by some avenue it came to my attention that material that was originated by Oliver North concerning these episodes were not in System IV, but I don't recall specifically hearing or reading that they were not put in.

Q Well, I would be prepared to represent to you, if your attorney will accept this representation, that Colonel North was specifically asked that question during his appearance before the Committee and specifically testified that none of these documents were System IV documents.

A Okay.

Q And my question to you is does knowing that Colonel North gave sworn testimony to that effect as the author of these documents in any way change your recollection that you may have seen such documents and that you may, as a result of later publicity and obviously your very substantial earlier knowledge, be

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incorrectly recalling the nature or the existence of these documents?

A No. I would still say that I saw them. I saw them as System IV documents.

Q I remind you now that you are under oath.

A Yes, sir.

Q So that it's your testimony here that you did in fact see these documents that you've testified to in System IV and that you entered them and kept them as part of System IV?

A That is correct.

Q You've been asked several times to explain why it is that we are unable to find not only the documents but any trace of the existence of these documents. My question is can you tell us, if you have an opinion or information on the subject, who in your view may have been responsible for what you must believe is the destruction of these documents and any record of them?

A Let me say that I really can't speculate as to who could have removed these items.

Q I'm not asking you to speculate.

A I have no knowledge. I know that Colonel North has said that he has altered and destroyed documents and I know that I have seen these items that I have discussed with you. And, as I stated earlier, I can't explain, given the sequence of events, to eliminate these items. I still believe wholeheartedly I saw these items. I know that they were System IV documents. I saw copies of them or originals.

I base all of that testimony and recollection on those individual events that I witnessed, I saw, and that's all I can say. That's what I feel. That's what I believe. That's what I know is the truth.

Q So you don't have any specific information to offer the Committee about what might have happened to these documents, assuming that they did in fact exist?

A No.

Q Does it bother you that you have described the documents very differently to the Committee during your first deposition and your appearance here today -- the contents of the documents? I mean, does that give you any concern at all about your memory here or how you may have come to this information?

MR. SPAEDER: This isn't a proceeding. I don't know that I would agree with Counsel's characterization of discrepancy in descriptions, but certainly the witness can, as best he can, help you understand how his testimony has developed.

Why don't you begin by trying to explain the extent of detail inquired of you during the early visits and the extent of detail inquired of you in subsequent visits and how, if at all, you explain the answer to Counsel's question?

BY MR. VAN CLEVE: (Resuming)

Q Let's be clear on the record again here, Jim. As I said to begin with, my impression is that you have genuinely tried to be helpful to us and I appreciate that. But we are relying exclusively, as far as I can tell, on your memory. In fact, I would go further than that and say that all the physical evidence, such as it is, that we currently have after a thorough investigation is in conflict with your memory.

So I'm asking you now to tell us, as best you can, whether you personally have any concern about your memory of these events.

A I have -- I don't know what to say, really, because, you know, given the fact that you've brought out the fact as far as any physical evidence is concerned there is none to collaborate what I have stated, and, you know, possibly my mind is playing tricks with me or whatever. I don't know.

All I know or all I believe and what I feel is that everything in my testimony is my best attempt of putting forth what I recall and what I feel is the absolute truth and although at the time I gave my first deposition and not having an opportunity to review what I had said and so forth and everything, I did find that it needed to be clarified or supplemented by the encounter that I had with Mr. deGraffenreid and also probably more specific on this other November '85 memorandum, and possibly other events or items that we discussed.

But everything I've said and everything I have put forth I have tried in my best possible way to be accurate of what I believe, what I saw, and how I feel. If it conflicts with other things that people recall, physical evidence or whatever, then I don't know how to address that.

Certain people recall things differently, obviously, and obviously this encounter I had with deGraffenreid, that weighed possibly at lot more heavily on me than it did for him, that he may not recall it. But I considered it significant and I recalled it.

But I've tried to do everything I can to be honest and truthful, straightforward, realizing that there may be conflicts with other people's recollection. Obviously knowing that the physical evidence may tend to conflict also, I don't know what to say. I believe I'm a very well organized individual. I do things in a very set manner and so forth, and I always used to pride -- and I still do -- pride myself on the fact that I have a good memory.

Q And I want the record to show simply, because people are going to have to read this and they are not going to get a chance at this point to meet you personally, that as far as I can tell you have tried to be helpful and cooperative.

But I guess really my question is I know I don't have a perfect memory. I think it's fair to say that most people don't have perfect memories. And I think what you're telling us is that there is a distinct possibility that your recollection of some of these events is not possibly completely accurate.

I believe that's what you are telling us, and that doesn't have anything to do with whether you are trying to be helpful. I believe you are trying to be helpful, and I have believed that since I met you. But I'm really asking a somewhat different question, and that is, isn't it a distinct possibility that your recollection on some of these events is not completely accurate?

A I would have to say yes. It's a distinct possibility.

MR. VAN CLEVE: No further questions. Thank you very much, Mr. Radzimski.

MR. BELNICK: Thank you.

MR. CAROME: Thank you very much.

(Whereupon, 12:45 p.m., the taking of the instant deposition ceased.)

____
Signature of the Witness

Subscribed and Sworn to before me this __________ day of
_________________________, 1987.

____
Notary Public

My Commission Expires: ______________________________

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CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer

Notary Public
in and for the District of Columbia

My Commission Expires: February 28, 1990

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RELEASE OF AMERICAN HOSTAGES IN BEIRUT N 7515

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

-- not object to the Israeli transfer of embargoed materiel tc Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September ~~14~~, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eigh hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted]

the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that t: hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it al became apparent that our conditions/demands had not been accurat transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21. using a private U.S. firm and the Israelis as intermediari

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, t U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1$ transfer.

EXHIBIT
JRR-2

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Partially Declassified/Released on 4May87
under provisions of E.O. 12356
by B. Reger, National Security Council

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26 made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran.

A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

N 7517

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts(and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran.

-- On Sunday, April 20, the following series of events will occur:

  - U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.
  - At A+7 hours, the U.S. hostages will be released in Beirut.
  - At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

N 7518

-- [redacted], Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- We have told the Iranians that we are interested in assistance they may be willing to provide to the Afghan resistance and that we wish to discuss this matter in Tehran.

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq.

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs, [redacted] We have agreed to discuss this matter.

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages.

N 7519

-- The residual funds from this transaction are allocated as follows:

  - $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that w have found to meet our commitment to replenish these stocks.

  - $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressional approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issu once behind us, improves the opportunities for this relationsh

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating(, Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for mear to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve ____ Disapprove ____

Attachment
Tab A - U.S.-Iranian Terms of Reference

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April 4, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

N 7520

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American militar and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power i defense of its interests. [redacted]

✓

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technologica and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as thi is Iran's policy, we are bound to be strategic adversaries.

- Support of terrorism and hostage-taking is part of th strategic pattern. We see it used not only against u but against our friends. We cannot accept either. Your influence in achieving the release of all hostag return of those killed (over time) is essential.

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- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in ~~an~~ Iraqi victory over Iran.

, We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region.

But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

N 7522

III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran.([redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity)

-- Soviet plans( ) How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship mo difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees( )

-- We need to know who you work with, what you already provid and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

~~TOP SECRET~~ UNCLASSIFIED **SENSITIVE**

RELEASE OF AMERICAN HOSTAGES IN BEIRUT

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

30952

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September 13, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

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EXHIBIT
JRR-2A

SENSITIVE

Released on
of E.O. 12356
National Security Counc

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H 30953

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

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-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at MWD and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

  - U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.

  - At A+7 hours, the U.S. hostages will be released in Beirut.

  - At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

N 30955

-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages.

-- The residual funds from this transaction are allocated as follows:

  - $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

  - $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognise that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

RELEASE OF AMERICAN HOSTAGES IN BEIRUT

N 590

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

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On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accuratel transmitted to the Iranian Government by the intermediary and it was agreed that:

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EXHIBIT JRR-2B

Declassify: OADR

In early March, the Iranian expatriate intermediary demanded that the Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

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TOP SECRET

N 592

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TOP SECRET

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RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

SECRET UNCLASSIFIED SENSITIVE

April 4, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.
- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.
- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.
- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us but against our friends. We cannot accept either. Your influence in achieving the release of all hostage: return of those killed (over time) is essential.

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Declassify: OADR UNCLASSIFIED SENSITIVE

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in an Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

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SECRET SENSITIVE

III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

[redacted] -- U.S. can provide humanitarian assistance for refugees [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

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N 28846

RELEASE OF AMERICAN HOSTAGES IN BEIRUT

Background.. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

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Declassify: OADR

UNCLASSIFIED

Declassified/Released on 6 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
JRR-20

~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

N° 28847

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

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~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

N 28849

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-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

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~~TOP SECRET~~ UNCLASSIFIED ~~SENSITIVE~~

N 28850

-- The residual funds from this transaction are allocated as follows:

  - $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.
  - $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

~~TOP SECRET~~ UNCLASSIFIED ~~TOP SECRET~~ ~~SENSITIVE~~

~~SECRET~~ ~~SENSITIVE~~

~~SECRET~~ UNCLASSIFIED

April 4, 1986
N 28851

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.

- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages return of those killed (over time) is essential.

~~SECRET~~
Declassify: OADR

~~SECRET~~ ~~SENSITIVE~~

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in a Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

Exhibit
[illegible]

UNCLASSIFIED

N 582

RELEASE OF AMERICAN HOSTAGES IN BEIRUT

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September ~~14~~ 15, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accuratel transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, th U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 198 transfer.

1880

[illegible] 8 July 1987
[illegible]
[illegible]

UNCLASSIFIED

[redacted] UNCLASSIFIED [redacted]

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provide

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beiru was deteriorating rapidly. He was informed by our Farsi-speakin interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of thei inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, i was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

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[redacted]

[redacted] UNCLASSIFIED [redacted]

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at [redacted] and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraf in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

  - U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.
  - At A+7 hours, the U.S. hostages will be released in Beirut.
  - At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are since and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

UNCLASSIFIED [redacted] [redacted] 363

-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significan deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provid the TOWs, [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release o the hostages. [redacted]

UNCLASSIFIED

[redacted]

[redacted] UNCLASSIFIED [redacted]

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Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

[redacted] UNCLASSIFIED [redacted]

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U.S.-Iran Dialogue

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-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

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- Support of terrorism and hostage-taking is part of thi strategic pattern. We see it used not only against us but against our friends. We cannot accept either. Your influence in achieving the release of all hostage return of those killed (over time) is essential.

[redacted] UNCLASSIFIED [redacted]

- We see your activity in many parts of the world including even Central America.

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[redacted] UNCLASSIFIED [redacted]

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-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

UN[redacted]ED

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

N 45642

August 20, 1985

EXHIBIT
JRR-3

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: BRENDA S. REGER BSR

SUBJECT: Barnes Request

Before we can decide how to respond to Congressman Barnes' request for documents, we must determine whether any exist and are retrievable and, whether they are White House or NSC.

In past instances of allegations of this kind (e.g. Billy Carter and Libya, Dick Allen, etc.) we have treated the request as broadly based for all records whether NSC or White House but have maintained them as separate issues within the request. At the same time, the search should be as narrowly focused as was the request. In this case, Congressman Barnes has focused on "...documents, pertaining to any contact between Lt. Col. North and Nicaraguan rebel leaders as of...October, 1984."

There is unlikely to be a great deal of documentation such as is described but we should search the files only on that basis. Fishing expeditions in all files relating to Central America and/or Nicaragua are NOT necessary to respond to the request.

Secretariat usually does searches in response to Congressional requests, but in this case I can have Donna search NSC and Presidential Advisory files by computer here in my office and ask Intel and CMC to do the same in their files. I will brief Jim Radzimski and Rod's person on how to conduct the narrowly defined search in their files.

Working files in staff members' offices are NOT subject to this or any other kind of searches since they are "convenience files" generally made up of drafts, and/or copies of documentation in the institutional and Presidential Advisory files. I therefore see no need to search whatever "convenience files" Ollie may have in his office.

Appointment logs and/or telephone logs however have become favorite targets of such inquiries (e.g. Zbig and staff in the Billy Carter thing, Wick, Ann Burford, etc.) and we must be prepared to deal with that issue. I wasn't involved in the handling of the issue for Zbig on Billy Carter but as I recall they "created" an excerpt listing of times and dates of telecons and meetings Brezinski and other staff had from their logs rather than provide the logs themselves. (We could check Kimmitt's files and/or ask him or Brezinski if you like.)

UNCLASSIFIED N 45643

It may be in our interest to be terribly forthcoming and bury Mr. Barnes in logs of dates and/or names re meetings and telecons or perhaps to offer to do so putting him on notice that the logs give times and dates but no substance.

Before we provide any response to Barnes, however, we need to know the scope of the documentation on contacts. Once we have that, the legal issues can be addressed.

Recommendation A

That you authorize me to start a search of the Secretariat, Intel, CMC files (both Presidential and NSC) as described above:

Approve______ Disapprove______

Recommendation B

That for now we limit the search on the appointment and telephone logs to Ollie sampling his telephone and appointment calendars to give us a sense of what they consist of and of the potential relevance to the request.

Approve______ Disapprove______

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WITH ~~TOP SECRET~~
ATTACHMENTS

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6512

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

August 23, 1985

INFORMATION

MEMORANDUM FOR PAUL B. THOMPSON

THROUGH: W. ROBERT PEARSON

FROM: DONNA M. SIRKO DMS

SUBJECT: Congressman Barnes' Request -- Computer Search

We've completed the computer search in all systems using the categories of NORTH + NICARAGUA + about a dozen individual keywords so that the search was narrowly focused, as was the request, but reasonable.

-- SYSTEMS I and II: All items are "filed" PA or White House. Of the 24 items (a number of duplicates because two or more keywords used in the individual searches appeared in the description line), another look reveals that in really broad terms maybe five need to be pulled. Descriptions are aid (no indication of what type) to resistance and funding, trip briefing, warfare manual. I've attached the profiles (first the possible five to be pulled, then the remaining) to give you a better picture.

-- SYSTEM IV: Items are "filed" institutional (I believe a part of "why?" is that if the documents were filed as PA or WH, they would be transferred to the Presidential Library for custody at the end of the administration; as institutional, they are ours). Of the 22 items, possibly four to be pulled (per Jim Radzimski's manual search). I've attached all profiles (he's not indicated which items would be considered) for your review.

-- CMC: Per Kevin Latham, the tape run has so far revealed nothing.

805

Attachments

Tab I	Barnes' Request
Tab II	BSR to JMP Memo
Tab III	SYS I and II Profiles
Tab IV	SYS IV Profiles

~~Partially~~ Declassified/Released on 12 May 1987
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

~~CONFIDENTIAL~~
WITH ~~TOP SECRET~~
ATTACHMENTS

UNCLASSIFIED

EXHIBIT
JRR-4

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

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400215 * cover

401214 *

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Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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N 16346 A

EXHIBIT ~~___~~-1A

THE WHITE HOUSE
WASHINGTON

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Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by S. Kagan, National Security Council

NOV 21 1986

All originals attached except 401214. According to computer, all cys of 401214 were destroyed. — Please return these ~~originals~~ to me when you have finished.

Brian

[illegible] to Ollie North

551

NOV 25 1986

[redacted]

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A "after they conclude
P. 3 - last line

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P.2 2d
- while I - .

EXHIBIT
DCR-1B

UNCLASSIFIED Kadlog

1/25/85

12089 N 45137

Jim:

Please collect all copies of the "Hamilton" letter (VP has 1 or 2, Phil Hughes, Kimmitt got a copy of the LDX and Sitroom may keep a copy of all LDX's.) Bud wants them all collected, + accounted for. When you get them all please see me. Thanks.

Ken

Declassified/Released on 8 Oct 87 under provisions of E.O. 12356 by P [illegible], National Security Council

Radzimski
Ex. #5
8/11/87 mao

3994

1/25/85

MFR.

LDXs from Sitrm file, NSC/S file, Lehman & Burghardt retrieved and destroyed. Kimmitt's cy destroyed by him, deGraffenreid's cy destroyed by June. Pkg 400071: All cys retrieved and destroyed except orig, VP pre-brief cy and Ken's file cy.

UNCLASSIFIED

N 45158

TE TRANSMITTED	WASHFAX MESSAGE NUMBER	DATE/TIME RECEIVED
JAN 22 3 25 PM '85	736	85 JAN 22 P 3: 29
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OM CHIEF, EXECUTIVE REGISTRY CIA (PER REQUEST OF A/DDO)

BJECT : HPSCI Ltr to SEC State of 16 Jan 85, re funding for the Contras.

ASSIFICATION TOP SECRET

PAGES 1

NT TO:	DELIVER TO:	EXTENSION	ROOM
[illegible] ROOM	For Mr. Ken DeGraffenreid, Rm 300, OEOB		300, OEOB
	Kimmitt / NSC 5/5		
	PRIORITY		

MARKS:

UNCLASSIFIED

DATE TRANSMITTED	WASHFAX MESSAGE NUMBER	DATE/TIME RECEIVED
Jan 22 3 25 PM '85	736 CIA OPERATIONS CENTER SITE A WASHFAX MESSAGE RECEIPT	85 JAN 22 P 3: 29 S[illegible]OM N 45139

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UBJECT : HPSCI Ltr to SEC State of 16 Jan 85, re funding for the Contras.

LASSIFICATION TOP SECRET

PAGES 1

ENT TO:	DELIVER TO:	EXTENSION	ROOM
[illegible] ROOM	For Mr. Ken DeGraffenreid, Rm [illegible], OEOB		300, OEOB
	Kimmitt NSC S/S		
	PRIORITY		
	Lehman, C		
	Burghardt		

EMARKS:

UNCLASSIFIED

TE TRANSMITTED

Jan 22 3 25 PM '85

WASHFAX MESSAGE NUMBER

736

C I A

OPERATIONS CENTER

SITE A

WASHFAX MESSAGE RECEIPT

DATE/TIME RECEIVED

85 JAN 22 P 3: 29

N 45140

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ASSIFICATION TOP SECRET

PAGES 1

NT TO:	DELIVER TO:	EXTENSION	ROOM
	OPP For Mr Ken DeGraffenreid, Rm [illegible], OEOB		300, OEOB
	Kimmitt		
	Lehman, C		
	Burghardt		

PRIORITY

UNCLASSIFIED

MARKS:

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JAN 22 3 25 PM '85

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C I A
OPERATIONS CENTER
SITE A
WASHFAX MESSAGE RECEIPT

DATE/TIME RECEIVED

85 JAN 22 P 3: 29

N 45141

ON CHIEF, EXECUTIVE REGISTRY CIA (PER REQUEST OF A/DDO)

UBJECT : HPSCI Ltr to SEC State of 16 Jan 85, re funding for the Contras.

ASSIFICATION TOP SECRET

PAGES 1

NT TO:	DELIVER TO:	EXTENSION	ROOM
[illegible] ROOM	For Mr. Ken DeGraffenreid, Rm 300, OEOB		300, OEOB
	Kimmitt /		
	PRIORITY		
	Lehman, C		
	Burghardt		

UNCLASSIFIED

MARKS:

UNCLASSIFIED

Deleted in its Entirety

RADZIMSKI
EXHIBIT #3

8/11/87

Partially Declassified / Released on 8OCT87
under provisions of E.O. 12356
by B. Reger, National Security Council

3992

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1/25/85

12089 N 45137

Jim:

Please collect all copies of the "Hamilton" letter. (VP has 1 or 2, Phil Hughes, Bill Kimmitt got a copy of the LDX and SITROOM may keep a copy of all LDX's) Bud wants them all collected, + accounted for. When you get them all please see me. Thanks.

Ken

[illegible] 8 Oct 87 [illegible] E.O. 12356 [illegible] Security Council

[illegible]

Radzimski
Ex. #5
9/11/87 mao

3994

1/25/85

MFR.

LDXs for SITRM file, NSC/S file, Lehman & Bullard retrieved and destroyed. Kimmitt's cy destroyed by him, DeGraffenreid's cy destroyed by June. Pkg 400071: All cys retrieved and destroyed except orig, VP pre-brief cy and Ken's file cy.

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N 45158

TIME TRANSMITTED
Jan 22 3 25 PM '85

WASHFAX NO. PAGE NUMBER
736

CIA
OPERATIONS CENTER
SITS A
WASHFAX MESSAGE RECEIPT

DATE/TIME RECEIVED
85 JAN 22 P 3: 29

Sit Rm
File Cy

FROM
CHIEF, EXECUTIVE REGISTRY CIA (PER REQUEST OF A/DDC)

SUBJECT
HPSCI Ltr to SEC State of 16 Jan 85, re funding for the Contras.

CLASSIFICATION TOP SECRET

PAGES 1

TO:	DELIVER TO:	EXTENSION	ROOM
SIT ROOM	For Mr. Ken DeGraffenreid, Rm 300, OEOB		300, OEOB
	Kimmitt / NSC S/S		

PRIORITY

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DATE TRANSMITTED

Jan 22 3 25 PM '85

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736

C I A
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PAGES 1

SENT TO:	DELIVER TO:	EXTENSION	ROOM
ROOM	For Mr. Ken DeGraffenreid, Rm 300, OEOB		300, OEOB
	Kimmitt NSC 85		
	PRIORITY		
	Lehman, C		
	Burghardt		

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REMARKS:

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DATE TRANSMITTED	WASHFAX MESSAGE NUMBER	DATE/TIME RECEIVED
Jan 22 3 25 PM '85	736 C I A OPERATIONS CENTER SITE A WASHFAX MESSAGE RECEIPT	85 JAN 22 P 3: 29 N 45140

OM CHIEF, EXECUTIVE REGISTRY CIA (PER REQUEST OF A/DDO)

JBJECT HPSCI Ltr to SEC State of 16 Jan 85, re funding for the Contras.

ASSIFICATION TOP SECRET		PAGES 1
TO: DELIVER TO:	EXTENSION	ROOM
For Mr Ken DeGraffenreid, Rm [illegible]), OEOB		300, OEOB
Kimmitt /		
PRIORITY		
Lehman, C		
Burkhardt		

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DATE TRANSMITTED

JAN 22 3 25 PM '85

WASHFAX MESSAGE NUMBER

736

C I A
OPERATIONS CENTER
SITE A
WASHFAX MESSAGE RECEIPT

DATE/TIME RECEIVED

85 JAN 22 P 3: 29

N 45141

OM CHIEF, EXECUTIVE REGISTRY CIA (PER REQUEST OF A/DDO)

BJECT : HPSCI Ltr to SEC State of 16 Jan 85, re funding for the Contras.

ASSIFICATION TOP SECRET

			PAGES 1
NT TO:	DELIVER TO:	EXTENSION	ROOM
[illegible]	For Mr. Ken DeGraffenreid, Rm 300, OEOB		300, OEOB
	Kimmitt /		
	PRIORITY		
	Lehman, C		
	Burghardt		

REMARKS:

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Memos to RCM

- SEP / NOV shipment approvals - (P) approval 85 - had copies

Memos to JMP

- NOV (Nimrodi, Schwimmer, Israel Iran, arms transfer, [illegible], contacts) 85
- NOV/DEC (oil equip) 85
- DEC - MAR (2nd channel) 86
- MAR/APR - (Long memo w/TOR - for RCM trip) 86
- ~~[illegible] (P) approval~~

Which I saw/read Nov 86 [illegible] -

2nd channel to DC

- Second [illegible] 86
- Arr Dulles

Memo - RCM mtg London 86

Memo - OLN mtg Frankfurt - 2? 86

Language of Reply to [illegible] for newspaper

John Dean in early Nov 86 - "All these [illegible] & docs"

~~[illegible] docs - [illegible]~~

Radzimski
Ex. #4
8/11/87 mas

3993

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THE WHITE HOUSE

WASHINGTON

N 10046

January 17, 1986

[redacted]

~~TOP SECRET~~

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

SUBJECT: Covert Action Finding Regarding Iran

Prime Minister Peres of Israel secretly dispatched his special advisor on terrorism with instructions to propose a plan by which Israel, with limited assistance from the U.S., can create conditions to help bring about a more moderate government in Iran. The Israelis are very concerned that Iran's deteriorating position in the war with Iraq, the potential for further radicalization in Iran, and the possibility of enhanced Soviet influence in the Gulf all pose significant threats to the security of Israel. They believe it is essential that they act to at least preserve a balance of power in the region.

The Israeli plan is premised on the assumption that moderate elements in Iran can come to power if these factions demonstrate their credibility in defending Iran against Iraq and in deterring Soviet intervention. To achieve the strategic goal of a more moderate Iranian government, the Israelis are prepared to unilaterally commence selling military materiel to Western-oriented Iranian factions. It is their belief that by so doing they can achieve a heretofore unobtainable penetration of the Iranian governing hierarchy. The Israelis are convinced that the Iranians are so desperate for military materiel, expertise and intelligence that the provision of these resources will result in favorable long-term changes in personnel and attitudes within the Iranian government. Further, once the exchange relationship has commenced, a dependency would be established on those who are providing the requisite resources, thus allowing the provider(s) to coercively influence near-term events. Such an outcome is consistent with our policy objectives and would present significant advantages for U.S. national interests. As described by the Prime Minister's emissary, the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks that they sell to Iran. We have researched the legal problems of Israel's selling U.S. manufactured arms to Iran. Because of the requirement in U.S. law for recipients of U.S. arms to notify the U.S. government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan. However, there is another possibility. Some time ago Attorney

~~TOP SECRET~~

Declassify on: OADR

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NOV 29 1988

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[redacted]

~~TOP SECRET~~

General William French Smith determined that under an appropriate finding you could authorize the CIA to sell arms to countries outside of the provisions of the laws and reporting requirements for foreign military sales. The objectives of the Israeli plan could be met if the CIA, using an authorized agent as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran.

The Covert Action Finding attached at Tab A provides the latitude for the transactions indicated above to proceed. The Iranians have indicated an immediate requirement for 4,000 basic TOW weapons for use in the launchers they already hold.

The Israeli's are also sensitive to a strong U.S. desire to free our Beirut hostages and have insisted that the Iranians demonstrate both influence and good intent by an early release of the five Americans. Both sides have agreed that the hostages will be immediately released upon commencement of this action. Prime Minister Peres had his emissary pointedly note that they well understand our position on not making concessions to terrorists. They also point out, however, that terrorist groups, movements, and organizations are significantly easier to influence through governments than they are by direct approach. In that we have been unable to exercise any suasion over Hizballah during the course of nearly two years of kidnappings, this approach through the government of Iran may well be our only way to achieve the release of the Americans held in Beirut. It must again be noted that since this dialogue with the Iranians began in September, Reverend Weir has been released and there have been no Shia terrorist attacks against American or Israeli persons, property, or interests.

Therefore it is proposed that Israel make the necessary arrangements for the sale of 4000 TOW weapons to Iran. Sufficient funds to cover the sale would be transferred to an agent of the CIA. The CIA would then purchase the weapons from the Department of Defense and deliver the weapons to Iran through the agent. If all of the hostages are not released after the first shipment of 1000 weapons, further transfers would cease.

On the other hand, since hostage release is in some respects a byproduct of a larger effort to develop ties to potentially moderate forces in Iran, you may wish to redirect such transfers to other groups within the government at a later time.

~~TOP SECRET~~

[redacted]

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~~TOP SECRET~~ 3 N 10047A [redacted]

The Israelis have asked for our urgent response to this proposal so that they can plan accordingly. They note that conditions inside both Iran and Lebanon are highly volatile. The Israelis are cognizant that this entire operation will be terminated if the Iranians abandon their goal of moderating their government or allow further acts of terrorism. You have discussed the general outlines of the Israeli plan with Secretaries Shultz and Weinberger, Attorney General Meese and Director Casey. The Secretaries do not recommend you proceed with this plan. Attorney General Meese and Director Casey believe the short-term and long-term objectives of the plan warrant the policy risks involved and recommend you approve the attached Finding. Because of the extreme sensitivity of this project, it is recommended that you exercise your statutory prerogative to withhold notification of the Finding to the Congressional oversight committees until such time that you deem it to be appropriate.

Recommendation

OK NO

RR per JP ___ That you sign the attached Finding.

Prepared by:
Oliver L. North

Attachment
Tab A - Covert Action Finding

1000 17 Jan 86

President was briefed verbally from this paper. VP, Don Regan and Don Fortier were present.

JP

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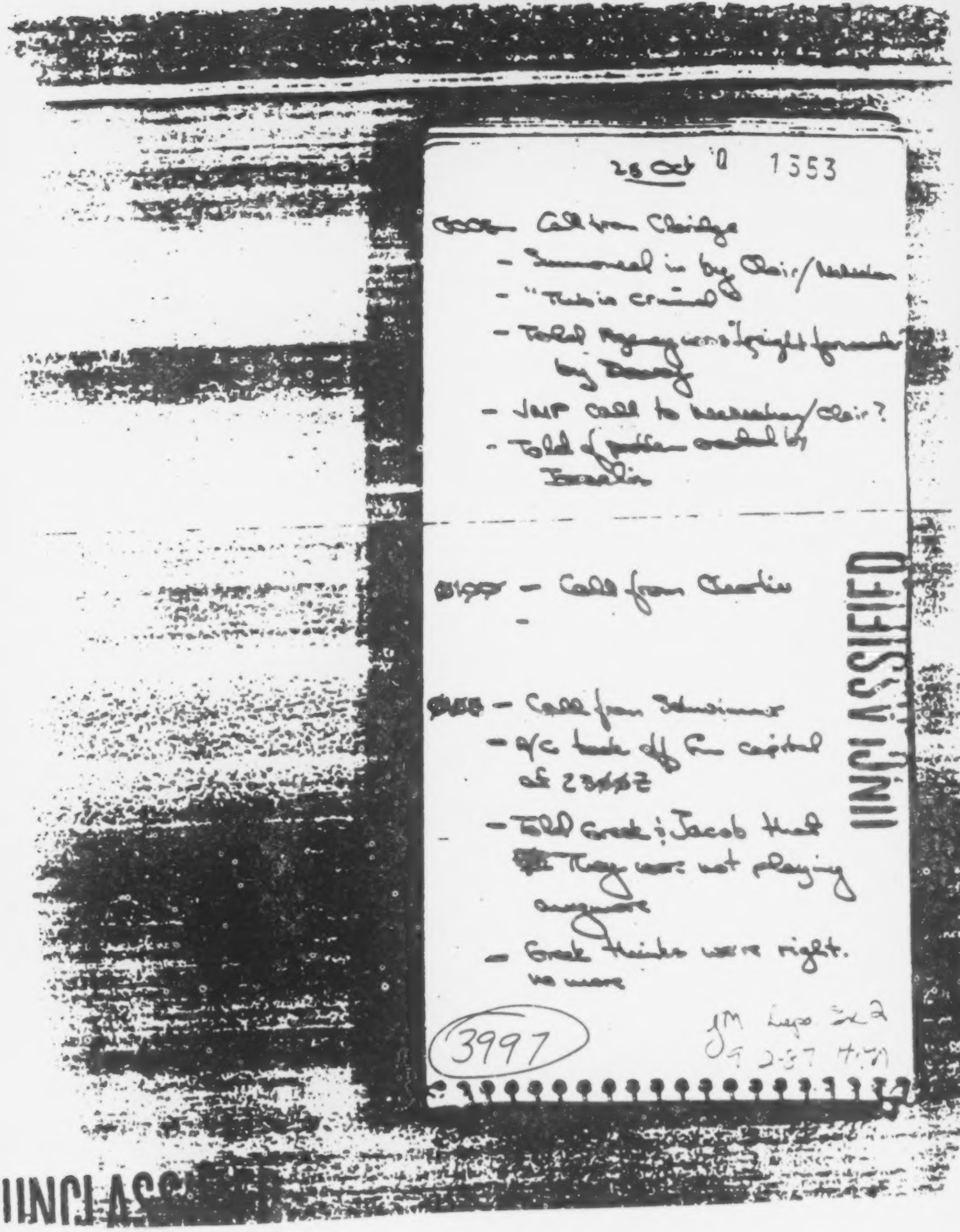

25 Oct '0 1353

[illegible] – Call from Clarridge
- Summoned in by Clair/[illegible]
- "This is criminal"
- Told Agency was "freight forwarder" by Dewey
- JMP call to [illegible]/Clair?
- Told of problem created by Israelis

[illegible] – Call from Charlie
-

[illegible] – Call from Schwimmer
- A/C took off fm capital at 2300Z
- Told Greek & Jacob that they were not playing anymore
- Greek thinks we're right. we were

3997

JM Depo Ex 2
9-2-87 [illegible]

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RADZIMSKI
EXHIBIT #3
8/11/87

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Memos to RCM
- SEP/NOV shipment approvals - (P) approved 85 - had origs

Memos to JMP
- NOV (Nimrodi, Schwimmer, 85 Israel, Iran, arms transfer, [illegible], contract
- Nov/Dec (oil equip) 85
- DEC - MAR (2nd channel) 86
- MAR/APR - (long memo w/TOR - for RCM trip) 86
- [illegible]

Believe I saw/read Nov 85 (P)F ~

2nd channel to DC
- Second handled 86
- Arr Dulles

Memo - RCM mtg London 86

Memo - OLN mtg Frankfurt - 2? 86

Language of Reply to [illegible] for newspaper

John Dean in Nov 86 - "All these guys & docs"

~~[illegible] docs - [illegible]~~

Radzimski
Ex. #4
8/11/87 mas

3993

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Memos to RCM

- SEP/NOV 85 shipment approvals - Ⓟ approved - had origs

Memos to JMP

- NOV (Nimrodi, Schwimmer, 85 Israel, Iran, arms transfer, TOW, contras)
- NOV/ DEC (OIL EQUIP) 85
- DEC - MAR (2nd channel) 86
- MAR/APR - (Long memo w/TOR - for RCM trip) 86
- ~~[illegible]~~

Believe I saw/recd Nov 86 ⓅF ~

2nd channel to DC

- Second handled 86
- Arr Dulles

Memo - RCM mtg London 86

Memo - OLN mtg Frankfurt - 2? 86

Language of Reply to Boland for newspaper

Told OLN in early Nov 86 - "All those Eyes 4 Docs"

~~for dates - Any memos~~

6

~~UNCLASSIFIED~~

TRANSCRIPT OF PROCEEDINGS

CONFIDENTIAL

UNITED STATES SENATE HSIC 30 /87

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

[redacted]

DEPOSITION OF JOHN W. RAMSEY, JR.

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COPY NO. 1 A OF 1 COPIES

Washington, D. C.

Monday, April 27, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF JOHN W. RAMSEY, JR.

Washington, D. C.
Monday, April 27, 1987

Deposition of JOHN W. RAMSEY, JR., called for examination pursuant to subpoena by the Senate, at the offices of the Senate Select Committee, Suite 901, Hart Senate Office Building, at 9:15 a.m. before DAVID L. HOFFMAN, a Notary Public within and for the District of Columbia, when were present:

W. THOMAS McGOUGH, JR., ESQ.
Associate Special Counsel
United States Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition

THOMAS FRYMAN, ESQ.
Assistant Majority Counsel
United States House of
Representatives Select
Committee to Inveatigate
Covert Arms Transactions
with Iran

LAWRENCE EMBREY, SR., Investigator

Declassified/Released on 18DEC87
under provisions of E.O. 12356
[redacted], National Security Council
K. Johnson

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PROCEEDINGS

MR. MC GOUGH: For the record, Mr. Ramsey, my name is Tom McGough, Associate Special Counsel to the Senate Select Committee investing the Iran-Contra matter.

You are appearing here today pursuant to a subpoena issued by the Senate and served upon you, as well as a subpoena served by the House of Representatives.

Whereupon,

JOHN W. RAMSEY, JR.

was called as a witness and, having been first duly sworn, was examined and testified as follows.

EXAMINATION

BY MR. MC GOUGH:

Q Is that correct?

A Yes.

Q The subpoena requested certain documents. Did you bring with you any documents, in addition to those you produced to the committee at your last visit?

A Yes, but very little. And I am sure they are just trash.

Q Why don't we just go right through them? Perhaps if you can just hand each one to me and mention to me what

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it is, we will mark them as deposition exhibits.

A There seemed to be an interest earlier about the call from Rich Miller to me and why he was calling me. At the time I couldn't remember. In the grand jury hearing, I didn't remember. When I got back to my office, just in thinking about these things later, I did remember that and still happen to have the note. He has a brother that's a chemical engineer in Houston, and he had found a carbon dioxide generating plant, very expensive, and he could get it for about a nickel on the dollar. This is useful in secondary recovery, and he was calling to see if I had any use for it, interest in maybe a field where we could buy the unit and put it on it for secondary recovery purposes.

That just slipped my mind, but there's the note.

Q What you handed me was a handwritten not on a small piece of yellow paper, dated November 19, 1985. Is that correct?

A That's correct.

MR. MC GOUGH: Let's have that marked as Deposition Exhibit 1.

(Exhibit 1 identified.)

THE WITNESS: These are two weekly reports of the

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FDMs, and so on, that came from Calero or back NEPL. One of them is in English. It's real confusing here, but one of them is in Spanish, and somebody tried to make some sort of an interpretation of it, but they were of interest to me just to kind of see what they were doing.

MR. MC GOUGH: Slow down for a minute. You have handed me two pages, one being a page entitled "TELE Miami. Synopsis of the FDM for the Week July 1 to 8, 1985."

Let's mark that Deposition Exhibit 2.

(Exhibit 2 identified.

MR. MC GOUGH: The second being a piece of paper that says "Relevant Actions During the Week of July 1 through July 9." And we will mark that Deposition Exhibit 3.

(Exhibit 3 identified.)

BY MR. MC GOUGH:

Q You say these are battle reports?

A That's just a report of all actions by the FDM.

Q Do you remember who sent those to you?

A I don't know whether they came -- they would have had to have come, assuming, from NEPL. I'm just reasonably sure they did; that's all. I was probably asking what was

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going on down there. That one seems to be in Spanish. With a son-in-law who really didn't do a very good job of trying to translate it. I don't see a date on it.

MR. MC GOUGH: I do not either. What you've handed me is a piece of paper with a list.

THE WITNESS: Again, it looks like weekly reports.

MR. MC GOUGH: It's in Spanish. We will mark it as Deposition Exhibit 4.

(Exhibit 4 identified.)

MR. MC GOUGH: You've also handed me an attempt to translate that; is that correct?

THE WITNESS: Yes; that's correct.

MR. MC GOUGH: Which we'll mark as Deposition Exhibit 5.

(Exhibit 5 identified.)

(A Pause.)

THE WITNESS: You may remember how this got started. Me and Spencer set up a breakfast just to talk at dinner with Adolfo Calero back in, I believe, March of '85. I only had a couple of days before I was due up here, and I was calling all around trying to get information about

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DAVbw

Calero and the FDM, before I came up. I ended up calling this number here, what was it -- CFA. And these were just some notes talking to him over the phone, and then he sent me a package of information, which included a biography and also some State Department publications and things that I don't believe I still have.

MR. MC GOUGH: The first one you handed me is something on the stationery of CFA. "Call for Action," "Citizens for America," headed "Dear CFA Activist." And it includes an attachment called the "Reality Report" of one type page and an attachment on the back of one of the middle pages. Can I assume that the handwritten notes are your handwriting and reflect your conversation with Mr. Lucier?

BY MR. MC GOUGH:

Q You indicate that this was obtained as a result of your interest in finding out more information about Mr. Calero?

A Yes. Of course, I get this anyway, the publication, and that was the phone number I circled there. And that's where I was calling from

Q So you already had the CFA publication and your phone call to Mr. Lucier was an attempt to find out more

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about Mr. Calero?

A He expressed me a packet of information, including the biography.

Q And that call was sparked by an invitation by NEPL or Spitz Channell?

A To meet with Calero.

Q You believe that was sometime in the spring of '85?

A Yes.

MR. MC GOUGH: Let's mark this Deposition Exhibit 6.

(Exhibit 6 identified.)

THE WITNESS: It is interesting. I just noticed this was marked April '85. It was all about that time.

(A pause.)

MR. MC GOUGH: You've also handed us a multipage document entitled "Resource Paper. Group 7 Nicaraguan Democratic Resistance."

Who are they? And it bears a received stamp, April 12, 1985.

BY MR. MC GOUGH:

Q Is that your stamp?

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A Yes, that would be the office stamp.

MR. MC GOUGH: We'll have that marked as Deposition Exhibit 7.

(Exhibit 7 identified.)

BY MR. MC GOUGH:

Q To the best of your knowledge, Mr. Ramsey, have you produced to the committees -- and I spoke jointly -- of the House and the Senate committee, all documents and materials in your possession that are responsive to the subpoena that was served you?

A I think so. There's someplace where you draw the limit. For instance, there were some State Department documents that came with that that no longer are attached to it, and there are other things. For instance, you indicated, I believe, in there that you wanted everything to do with Miller. As of this past Friday, he sent me a script for a movie which has nothing to do with any of this, and I kind of wondered where to draw the line on such things.

Q Was there any correspondence attached to the script for the movie?

A No. Just a card. We had discussed it by phone.

Q Did the movie deal with the Nicaraguan

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resistance?

A Only to the extent that part of it took place in Nicaragua.

Q What was Mr. Miller's purpose in sending you the script for the movie?

A Some friend of his is trying to promote the movie and sell it. I am interested in producing, and we discussed it at lunch a week or two before.

Q All right. Other than those items, is there anything else that comes to mind?

A That's all I can think of. I'm also afraid there's going to be something. I'm so disorganized that I will find under a pile of stuff or something.

Q Let's get, if we could, for the record, some background information from you, Mr. Ramsey.

Can you state your full name.

A John William Ramsey, Jr.

Q What's your home address?

A [redacted]

Q What is your business address?

A Suite 400, 1 Parker Square, Wichita Falls, Texas

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76308.

Q Social Security number.

A I don't know.

Q The line of business that you're in.

A I'm an independent geologist, oil operator, rancher.

Q Are you incorporated or sole proprietorship?

A No. I have two or three corporations. Strategic Resources Corporation, which is an operating company. John Ramsey, Inc. and Syntheson Corporation, Autoworks Corporation.

Q Auto -- A-u-t-o?

A That's really an inactive company. It may not be worthwhile. Syntheson owns a health food store.

Q Let's go back to the top. Strategic Resources Corporation. Can you describe it? Are your offices at your business address?

A Yes.

Q What's its primary line?

A It operates the drilling of wells and sells prospects to other parties.

Q John Ramsey, Inc. What is its line of business?

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A It basically is the provider of money. The reason for the two corporations is really to limit liability. There is a joint venture between John Ramsey, Inc. and Strategic Resources, in which Inc. provides money to Strategic to drill and to operate. Inc. pays the salaries of the employees and furnishes the money for leases, title work, all of the things involved.

Q All right. Syntheson operates a health food store

A That's all at the moment.

Q And Autoworks, Inc. You indicated that it was inactive at the present time?

A It's never been started up.

Q Why was it incorporated?

A Well, it was a venture that just didn't get off the ground. I had in in the embroyo. We were planning to start a very large automobile salvage type operation, and it just never got off the ground. We decided it was a bad idea.

Q Can you tell you your educational background?

A I have a bachelor's degree in geology from Midwestern University. I'm sorry. That was a bachelor of

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science. And a master of arts degree in geology from the University of Texas. And quite a lot of additional hours at the University of Oklahoma, but no degree

Q When did you receive your master's in geology?

A January of '61.

Q Have you been employed in the oil and gas business since that time?

A Yes.

Q How long have you lived in Wichita Falls, Texas?

A I was born and raised there. Let in 1958 and moved back, roughly, in 1975.

Q Where were you, geographically, between the time of your graduation from the University of Texas and '75?

A Overseas, roughly 15 years.

Q What were you doing overseas?

A The first eight years as a geologist for Amerada Petroleum Corporation. In 1968, I formed a joint venture with Eason Oil Company. That kind of dribbled out to an end -- it lasted roughly 12 years -- to just finally some business properties and finally fell by the wayside in 1986.

Q When you returned to Wichita Falls, is that when you began Strategic Resources Corporation?

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A No. It's roughly the same time, but I actually started Strategic in April of '74. It's kind of hard to say exactly when I moved back, because it was piecemeal. I actually moved the family back, and I went to Oklahoma City and back on the weekends for about a year and finally moved everything back, kept an office back up there another three years and finally closed it.

Q How long have you been essentially self-employed?

A Actually since '68. It was subsidized, but I did everything on my own.

Q Do you have any military service background?

A Only Naval Reserve.

Q When was that?

A My goodness. I think I joined when I was about 18 and was active in the Reserve two years, then went on in inactive, so I could take some night courses. And I was surprised six years later when they sent me a discharge.

Q Let's focus on your dealings with Carl Channell and Spitz Channell. I believe in reviewing some of the materials, I learned that your first contact with Mr. Channell came in the context of the National Conservative Political Action Committee.

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A Yes.

Q Can you give me an estimate, approximately, of when that took place?

A I'd say a few years before 1980. That is the best I can do.

Q How exactly, did you come into contact with Mr. Channell?

A I had sent NCPAC a $100 contribution. As the result of that, I got some calls from Terry Dolan asking me to come to Washington for a briefing, which I did. At one of those, I don't know whether it was the first one or not, I think it was, I meant Spitz Channell. He was the fund raiser for the high dollar contributors for NCPAC at the time. I was surprised to learn that anybody that gives $100 or more goes on a special list, but at any rate, that's the first time I meant him.

I later, somewhere, gosh, I can't remember, sometime after the 1980 election, I guess, I became more and more irritated with Terry Dolan's direct mailing. You know, I liked what he was doing. I just didn't like the taste they were doing it with. And after -- I had no influence. I just kind of pulled out my support. And I told them so.

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At some point along in there, Spitz left and formed his own group, and I just kind of went along with Spitz and his projects, because he does do them up right and does them in good taste.

Q You said "good taste." Can you be a little bit more specific?

A I just didn't like the way Dolan was constantly -- I kind of wondered sometimes if he wrote them, you know, there's always a crisis and always begging for money, and I got a lot of flack from friends who know I was involved with NCPAC. And I got to the point there for a couple of years, I didn't read them, because they were, you know, just poorly done. It was not the content. It was just the way they were done.

Q How did that contrast with Mr. Channell's style?

A Channell doesn't do direct mail, where Dolan was concentrating largely on the direct mailing and getting small contributions through direct mail. Spitz hung onto his list of contributions, basically, that he had developed at NCPAC and concentrated on, I would say, less than 100 people, maybe less than 50. By doing it that way, most of it was done on the telephone. I shouldn't say most of it.

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You did talk to him a lot on the phone. And when he did write a letter, and when he did put on a function, of course, it was all a class act. He was interested in other things too besides strictly the politics. As you may know, he put on economic conferences.

Q Did you become involved at some point with the American Conservative Trust?

A Yes. That's the PAC, is it not?

Of course, you don't like to give money to the PACs, because it is not tax deductible.

Q In your last visit here, I believe you provided my colleage, Mr. Kaplan, with a handwritten summary of your contributions to Spitz Channel organization.

(Document handed to witness.)

BY MR. MC GOUGH:

Q Is that, in fact, what this is?

A Yes.

MR. MC GOUGH: Let's have this marked as Deposition Exhibit 8.

(Exhibit 8 identified.)

THE WITNESS: This was just an attempt to get straight in my own mind a little history, because it was

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long forgotten.

BY MR. MC GOUGH:

Q Sure. Let's take a look at Deposition Exhibit 8. The earliest contributions, dating back to 1983, appear to be associated with ACT, either ACT State or just ACT by itself.

Can you tell me, first of all, when this was prepared? Can you give me an idea when you did this?

A After this thing, and I had the secretary go back through the books and make up a list of all the contributions which you all also have.

Then I took the list of contributions from her and just went through it and wrote these down.

Q Let's just go through each of the organizations here, so we can determine -- ACT State referred to what?

A The state election fund.

Q That was a political action committee?

A Yes.

Q Am I correct that that focused on state elections

A Yes.

Q Then just ACT by itself. Was that different from ACT State?

A Well, you know, I can't say. I don't know.

Q But ACT, in any event, was a political action committee?

A It was a PAC; yes.

Q Then there is a reference to NEPL. I believe that is the National Endowment for the Preservation of Liberty; is that right?

A Yes.

Q What did you understand NEPL's purpose to be?

A Educational and philanthropic, I guess, and that it was tax deductible.

Q All right. Go down. 1984. A number of contributions to ACT. And here the copy, I apologize, is not very good. But I believe there is a contribution on April 10, 1985, to the Nicaraguan Defense Fund.

A Development Fund.

Q Development Fund; sorry. What was the Nicaraguan Development Fund?

A As I'm told, that's a tax deductible fund for the FDN or Calero's group.

Q What, if any, affiliation did the Nicaraguan Development Fund have with Mr. Channell's organization?

A I don't think at this time, probably, it had any other than a phone call. I think my basic feeling is, and I don't know for sure, is that probably someone, Miller or somebody, said something to Channell about maybe raising some money to help out with the starving soldiers down there. And Spitz called and asked me if I'd help the refugees down there.

Q So you believed that this April 10th --

A I have the feeling that might have been the first check, because, vaguely, in the back of my mind, I remember some comment later about maybe Calero after this, the next day or two may be giving Spitz a letter authorizing him to raise money for the FDM.

Q What did you understand the purpose of contributions to the Nicaraguan Development Fund to be?

A I wasn't told. I felt -- and questioned Calero for about an hour, and after having read his biography, which was impressive, and just my own judgment of his character, I felt he was worth helping. I wrote him a check for $20,000 and didn't ask what it was going for.

Q Did he indicate what it would be going for?

A No, he sure didn't. He's a man of few words.

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Q Did he indicate that it would be used solely for nonlethal or lethal supplies?

A There was no discussion of it. When we were discussing things, we talked about lots of things, including arms.

Q Let's look at June 5, 1985. There's a Costa Rica entry there. Can you explain, in just general terms, what that contribution was? We are going to come back to each of these in a little more detail, but I want to get an overview first.

A Spitz called and said Richard Miller was going to call me.

Q I'm sorry. He said Rich Miller was going to call you?

A Yes. Rich was going to ask me for some money, and later in the day, Rich Miller did call. He seemed rather embarrassed, indicated he needed $30,000 right away, and that he couldn't tell me what it was for, but he would sometime. I said, "Well, I'll let you have 5." And he said, you know, "Could you make it 10?" I said, "All right. Where do I make out the check?" And he said, "Well, I'll have to call you back." Again, it didn't sound like a fund

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raiser.

He called be back several hours later -- I was surprised it took so long -- and gave me the address which you have, where I wired the money to a Costa Rican bank through their correspondent in Miami.

Q Did you determine what the purpose of the contribution was?

A No. I don't know what it was today.

Q Did you determine whether or not it was tax deductible?

A I suspect it wasn't.

Q You assumed it was not?

A Yes.

Q And you did not take such a deduction?

A Well, there was a mixup there. After we got into this, we were talking to my accountant about it. It turns out that, you know, my wife handles all my books and never makes a mistake. This has got to be her first. Maybe I can blame it on the accountant. But they were told not to deduct the 10, but to deduct the 20. In fact, they reversed it. They deducted the 10 but not the 20. I immediately told them just to file an amended return, which I think he's

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doing.

Q Then there were a series of contributions to NEPL after that period of time in various amounts through October 31, 1986; is that right?

A That's right.

Q I believe I may have asked you this already. Were you on the board of directors of the American Conservative Trust?

A I don't know exactly what it was. It seemed to me, according to the incorporation papers, they used my name as an incorporator or something. I don't know whether or not I was ever on the board of directors. It's possible.

MR. MC GOUGH: Can I have this marked as Deposition Exhibit 9.

(Exhibit 9 identified.)

BY MR. MC GOUGH:

Q I will show you a document I believe you provided to us the last time you were here. It is a letter dated May 9, 1984, to the president from Mr. Channell. On the second page, it reflects "On behalf of the Board of Directors of the American Conservative Trust, Mr. and Mrs. Calhoun, Mr. and Mrs. Franklin, Mrs. Garland, Mr. and Mr. Ramsey and

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Mr. and Mrs. Waring."

A I may or may not have been asked about that.

Q Did you ever attend a directors' meeting of the American Conservative Trust?

A No.

Q Did you ever receive minutes of the directors' meeting of the American Conservative Trust?

A No.

Q Were you ever asked to authorize any expenditures or programs on behalf of the American Conservative Trust?

A No.

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Q Do you recall receiving Exhibit 9?

A It looks familiar.

Q When you received it, did you make any inquiry to determine what, if any, connection you were supposed to have with the American Conservative Trust?

A You know, it may look familiar. When I read it recently, I probably wouldn't have paid any attention to it.

Q To your knowledge, did you serve as an officer or director of any other organization related to or founded by Spitz Channell?

A Not that I recollect.

Q Can you recall, Mr. Ramsey, when one of Mr. Channell's organizations first approached you on the Nicaraguan issue?

A Yes, it would have been about two days or three before the check to Calero to the Nicaraguan Development Fund.

Q Can you tell me how that approach was made?

A As I mentioned earlier, Spitz called and indicated that the refugees from Nicaragua were starving down there and they really needed some help, and this was something that was important to the President, and it was

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kind of funny, you know. I laughed at first. I said I wouldn't give a dime, you know, for refugees, but, you know, I would give some money for arms.

I later found out we couldn't do that. So then I didn't wish to do anything that was illegal.

So at any rate, we kept talking, and I was just kind of joking, but, you know, half serious, I would like to give money for arms if I could. He pressed me for how much I would be willing to contribute.

I said, well, finally, to get him off the phone, 5- to $25,000, depending on whether or not I thought it was going into somebody's Swiss bank account or his pockets.

I thought that was kind of the end of it. So he calls me back and says, you are set up to have breakfast with Adolpho Calero on Thursday, which was about two days hence, and he was the political leader of the FDM.

I said, well, I am getting in trouble now, just thinking about it, and decided that, you know, you can talk and think of all these things but only action counts. So I said, yes.

And that is when I tried to find out who Calero was, and I did go up and meet with him then and gave him a check for 20,000.

Q Let's back up for a minute here.

MR. MC GOUGH: We will have this marked as Deposition Exhibit 10.

(Exhibit 10 identified.)

BY MR. MC GOUGH:

Q Do you recognize that exhibit?

A Yes.

Q What is it?

A That is the check I wrote to Calero.

Q That check bears the date of April 10th, 1985, is that right?

A Yes.

Q It is in the amount of $20,000?

A Yes.

Q Can you with reference to that date on that check put in context the call from Mr. Channel that would have initiated this course of events?

A It was the earlier part of that week.

Q All right. Let's go back to that call for a moment.

You said that you jokingly or half-jokingly said to Mr. Channell, I won't give anything for refugees but I wouldn't mind giving something for arms, or something to that effect?

A That is correct.

Q What was Mr. Channell's response to that?

A I don't remember any. He just kept asking how much.

Q Did he indicate in any way or lead you to believe in any way that a contribution for arms could be arranged?

A No.

Q Then you said you had breakfast with Calero?

A Well, I was supposed to on Thursday, as I remember. I came into town the night before, and it turns out he had given a speech somewhere that evening and we just met him at his hotel, and I spent maybe 45 minutes, something like that, maybe an hour, in the restaurant asking him questions.

Q Can you put that in reference to the date of April 10th?

A The same date, April 10th, '85.

Q Was this in Washington, D.C.?

A Yes.

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Q Tell me what you recollect about your conversation with Mr. Calero.

A I remember more that I was impressed with the man than actually anything we talked about. I was really just trying to get a feel for him. We did discuss weapons, we talked about boots, and we discussed the refugees coming over, how many there were and their morale and what they were interested in.

As I mentioned earlier, the one thing that sticks in my mind was I remember the AK-47 ammunition came from red China, which is a communist country supplying a noncommunist revolution, which is kind of interesting. But that is the only detail that sticks in my mind.

Q And when you say you talked about weapons and you talked about AK-47 ammunition, did you talk in terms of about what the freedom fighters needed in Nicaragua? How did the issue of weapons come up in the context?

A I don't remember. Basically, he was just answering questions. He didn't volunteer anything, as I remember. You know, he didn't initiate the discussion in any way.

So I was just going through the whole -- any

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question I could think of that related to the situation down there, trying to find out what is going on.

Q Did Calero ask for money?

A No.

Q Who did?

A I guess nobody really did. I was there to give money if I was interested is what it amounted to, and that was the reason the thing was set up.

In other words, I guess the way I had left it with Spitz was if I am satisfied, you know, that the people are for real, I will give them some money.

Q Did Mr. Channel ask you for a specific amount of money?

A No.

Q Did he suggest an amount of money to you?

A No.

Q Did he indicate whether anyone else was being solicited?

A No.

Q What led you to believe that the Nicaraguan Development Council was a tax-exempt organization?

A I am reasonably sure I was told so, but I don't

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recall.

Q Can you recall who told you that?

A I would assume Spitz did. I don't know.

I did hear recently and had lunch with Rich Miller. I asked about it, and he indicated that they are getting a copy of a 501(b) or something. It is not a (c). That is my understanding.

Q Did you meet anyone else on your trip to Washington?

A I am not sure. I can't remember if Rich Miller was there. I do remember someone else was with Spitz, but that might have been someone from his staff. I just don't remember.

Q Let's back up for a minute.

When did you first meet Rich Miller? Would it have been at or about the same time?

A I am trying to think if I knew Rich Miller -- I would assume I did -- before this. I just don't know.

The first time I can really remember meeting Rich or, you know, spending time talking to him was at one of the briefings at the hotel, the Hay-Adams, and riding in his station wagon and discussing a wide range of issues.

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It seems to me that Frank Gomez was there that night. I was impressed with him and spent a great deal of time discussing what is going on in lots of countries aside from Nicaragua.

Q Let's see if I can get this straight. There was a briefing at the Hay-Adams Hotel?

A Yes. It was one of those where you got part of the briefing, you know, at the White House and part of it at the hotel.

Q At that briefing Mr. Miller and Mr. Gomez were there?

A I guess. You know, that is where I remember them in connection with. In fact, I do remember sitting at the table with Frank -- I mean with Rich. I don't remember --

Q Did Mr. Miller or Mr. Gomez make a presentation at that briefing?

A I am sorry I have such a bad memory on such things. I don't remember.

Q Were there any visual aids used at the briefing at the Hay-Adams?

And I am focusing on the Hay-Adams now.

Any slides?

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A I do remember now in one of those meetings Frank Gomez making an impassioned speech. I don't know whether that is the one where I first met them or not because it was a different room.

One of them was in an upstairs room where we had dinner, and the one I know Frank spoke at was down in the main -- or where they have breakfast at the Hay-Adams on the south side.

And that is about all I can say.

As far as visual things, all I remember at the War Room at the White House in the Executive Office Building, I believe we had a slide show with North, as I remember, which basically covered mostly stuff I had already seen -- in fact, about all of it in the State Department publication.

MR. MC GOUGH: Let's have this marked as an exhibit, please.

(Exhibit 11 identified.)

BY MR. MC GOUGH:

Q I am going to show you what has been marked as Deposition Exhibit 11. I want you to take a moment, perhaps a long moment, to look at that, Mr. Ramsey.

Just to give you a little bit of an idea what you are looking at, it is a transcript of a session. The people on it aren't identified.

I would like you to take a look at it. There are questions involved, questions being asked. There are answers being given. I would like you to look at it and see if you recall being at this presentation.

A Okay.

(Pause.)

None of this is familiar to me, and I have only read half a page.

Q Do you ever recall discussions of Redeye missiles at any of these presentations?

A No -- yes and no. You know, I spent some time with Calero in Miami one time. As I told you, I had a daughter in the hospital down there, and I remember at length discussing with him. Of course, I spent the whole day talking about an awful lot of things -- the problem that they had with the HIND helicopters, that they could only be shot down from the top because of the titanium plate on the sides and the bottom, and it takes better than a 20-millimeter cannon, for instance, to do that, so that they really needed some missiles.

It seems to me, though, it wasn't the Redeyes; it was some other kind of British-made, hand-held missile that they were actually trying to get or interested in. But I don't remember, you know, where or when the discussion took place or whether it was with him or with Spitz.

Q Do you recall discussions at any of these briefings of old Spanish ball rifles?

A I never heard of that.

Q That the contras were supposed to be using?

A I don't remember at any of these meetings their really discussing weapons. You know, it was pretty clear from the very beginning they were always trying to make sure never to break the law.

For instance, we were told when we went to the White House not to mention money, and it was made clear to me pretty quick, as you know, that you can't give them weapons.

Q All right. We have gotten kind of off on a diversion here, but let me try to go back and try to do this as chronologically as I can and retreat, if I could, to the meeting with Mr. Calero that resulted in the $20,000 check.

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To the best of your knowledge, was that the first contribution you made that was targeted to the Nicaraguan resistance?

A Yes.

Q Was there any indication that that contribution should be made through NEPL as opposed to directly to Mr. Calero?

A No. Basically, when I got through talking to him, I had heard enough. I just pulled out the checkbook and wrote out a check and handed it to him. I don't know whether Spitz got his cut or not.

MR. MC GOUGH: Off the record.

(Discussion off the record.)

MR. MC GOUGH: Let's go back on the record.

BY MR. MC GOUGH:

Q You discussed collectively a few moments ago a number of briefings or presentations directed to support for the Nicaraguan resistance. Let's try to put them in some kind of chronological order, if we could.

You had the breakfast with Mr. Calero. Do you recall when the next presentation might have been that you attended on the Nicaraguan resistance?

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A No. I saw something in my notes the other day that looked like it was the two trips, but I can't -- probably this $30,000 check was immediately, you know, very near the time if not the day or something of one of them.

Q Let's see if we can do it.

A I am sure you all have got those dates and all somewhere. If you want me to go to the trouble when I get back, I can probably by looking up airline tickets or something figure out when it was.

MR. MC GOUGH: Let's see if this will help.

This is a letter, and we are going to have it marked as Deposition Exhibit 12, dated July 3, 1985, to Mr. and Mrs. John W. Ramsey from Spitz Channell, which is one of the documents you supplied in response to the subpoena.

(Exhibit 12 identified.)

BY MR. MC GOUGH:

Q It talks about, as you can see, your support for Nicaragua, and then in the fifth paragraph down it mentions "Our friend who spoke at dinner has told you of the true needs of the freedom fighters. You will recall that he said it takes $1000 to completely clothe and prepare a freedom fighter for his duties."

To whom did you understand that reference to be, "our friend"?

A That is Calero.

Q That is Calero, all right.

Did Mr. Calero speak at dinner? Was this the presentation on April 10th?

A Oh, no.

Q This would have been another briefing, a presentation?

A Yes, this was with 25 or so people at a very nice dinner.

Q All right. To the best of your recollection, this letter is dated July 3rd. That presentation would have been made sometime between your check of April 10th and the letter of July 3rd, is that fair?

A Yes.

Q Can you recall, does this refresh your recollection as to when that dinner with Calero might have occurred?

A No, not this statement. I don't have any idea, but I could probably pin it down for you, too.

Q All right. Again, with reference to the dinner with Calero, what other events, if any, took place during your trip to Washington related to the Nicaraguan rebels? Were there other briefings in other places?

A No, just other than the one at the White House.

Q Let's focus on the White House.

Would there have been a White House visit then prior to July 3rd, 1985?

A I wouldn't think so. It seems pretty far back to me. I am surprised, really, that it is that far back.

Q What I want to do is focus on the events surrounding the dinner with Calero, focus on that trip to Washington, if you can tell me as best you can recollect what happened when you made that trip to Washington?

A Well, a group, I think all, were staying at the Hay-Adams. At precisely 6:00 or 6:30 or something we walked over to the White House to the first meeting. As I remember, it was the one in the War Room. I hope I don't have them backwards. But I think I would have been to two there.

Basically, all I remember about that is that it was -- the room was full, and I would guess, you know, maybe 25 or 30 people were there plus a number of people from the

White House, and North gave a slide presentation. I am not sure whether the President came in or not. He may have because I remember a pretty strong question-and-answer.

That is about all I remember about that.

Q Now, this would have been in connection with this dinner with Calero as best you can recall?

A Yes. And then I was going to say we went back across to the Hay-Adams and had a dinner and a speech by Calero and a discussion, and so on.

One other thing that had come up in this -- you know, I couldn't answer a lot of things the first time, but then I get to thinking about it later -- either this one -- and I reasonably sure it was this one or the next one -- I stopped by North's office. And I was asked before by either you or the other one what we talked about, and in fact I can't remember much. But later I did remember that basically what I was concerned about is what in the hell we were doing in Angola.

I have been irritated at our State Department for the way they were handling that, and still are. I was real pleased to learn that they were actually doing quite well compared to the Nicaraguans, and he told me a little bit

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about the source of their funding, which was from foreign countries and which was all news to me.

Q Now, North's presentation in the War Room, can you recall to what it related, the subject matter?

A Yes. In fact, it was almost identical to what is in the State Department publication on the communist buildup in Nicaragua. It had some of the same pictures of the big runway, the 10,000 meter one, a meter thick, and also the communications center in Cuba that listens to everybody's phone calls here in Washington, just, you know, the details of the military buildup with the same slides I had seen.

Q You say there was a question-and-answer session?

A Not so much with him, I don't think. Maybe if it was the President -- it was either him or the President. I just don't remember.

Q Did you know any of the other people who were there with you?

A Some of them. I could figure out who some of them were. But a lot of the people you see at all of these things.

Q Who did you know who was there?

A Dr. Adam Witz, or whatever it was, of Maryland.

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Q Can you give me at least a phonetic spelling of that?

A No. Adam, it is a strange one. Surely, though, you have got all these names in Spitz' papers.

Of course, Ellen Norwood.

I would do better at pointing them out on the list than trying to remember.

Q Did Colonel North or anyone else at the White House solicit contributions?

A No.

Q You say someone had told you not to talk about money prior to going to the White House?

A Spitz did.

Q What did he say as best you can recall?

A Well, you know, that it is against the law for the White House -- it was my understanding it was against the law for them to solicit money. So we weren't supposed to talk about it.

Q Did he indicate to you whether anyone at the White House knew that he, Spitz, was soliciting money?

A Oh, I think that was just assumed. I think it was assumed that this was just an effort to help the contras

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out between the time that they had used up their first 27 million or so and the Congress had finally got their act together and let them have the second part of it.

Q In the letter of July 3rd that is in front of you, in the fourth paragraph there is a reference which says, "I am authorized to tell you that you will be invited to a private military update in the fall, very probably in mid-October."

And I will show you in a moment a Hay-Adams receipt indicating you and Mrs. Ramsey were at the Hay-Adams on October 16th and 17th of 1985.

But using that to bracket, if you will, the time period; that is, the letter of July 3rd and the visit to Washington in mid-October of '85, were there any trips to Washington, briefings or meetings about Nicaragua between those two times?

A I couldn't say. I only remember the two. I am usually up here a couple of times a year for something else, so I can't really. They all run together.

Q How many times did you go over to the White House?

A Two is all I remember, and the second time

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actually the meeting was in the Treaty Room. I probably wouldn't have remembered that if they had been in the same room.

Q I think you also indicated you had a private meeting with Colonel North?

A Just for a few moments.

Q At which time did that take place?

A I think it was the first, but I wouldn't bet on it.

Q Then let's talk about the meeting with Colonel North.

When did that take place in relationship to the briefing?

A It was afterwards. We were leaving the building, and I just stopped back by his office.

Q Give me your best recollection as to what occurred?

A I just went in and sat down in his office there, and Fawn was there.

Q Who was there? I am sorry.

A Fawn, his secretary. You know, I couldn't remember hardly anything before, but I did remember later,

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and I remember him talking about how busy it was and I heard, you know, he spent all hours of the night down there, long hours of work. He had actually an extra uniform on the back of his door, as I remember.

[redacted]

Q Did he talk at all about the needs -- at that private meeting about the needs of the Nicaraguan resistance forces?

A He may have. You know, we did discuss here -- I am sure we did. I just don't remember.

Q Do you recall discussing any specific armament needs with Colonel North?

A I don't know. Somewhere down through all this, you know, I had learned that they were trying to get them some Maule aircraft down there, and I don't know, I can remember one time him saying -- and I don't know whether it was that meeting or what because I did call him a time or two -- that, you know, they had a hodge-podge of aircraft down there that they couldn't keep working and they would be

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smart if they would concentrate on single type aircraft, such as the Maule.

Q Do you recall any other discussions of armament or equipment on the specific needs down there?

A No. At some point I did call and look in -- I was talking about raising the money around Wichita Falls, to raise the money for it, and we didn't follow through on it.

Q You say you called whom in that regard?

A Called what?

Q You said you called someone about seeing if you could do something about a Maule?

A The company that makes them.

Q I may have misheard you. Did you say you called North on a couple of occasions?

A Yes. I don't remember now when, you know, or about what.

Q Try to pause for a moment and see if we can put it in some kind of timeframe.

Would it have been after your private meeting with him?

A Probably, because that is probably the first time I met him.

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Q So we could assume -- I am sorry?

A You have got or the other -- the Walsh committee, or whatever, has my notes, and there are some indications when I called him.

Q What were the calls in reference to?

A I only remember one. It said something about some aircraft. I may have had some questions.

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(Pause.)

Calero had tried to get me an airplane. I said tried to. He never actually asked me to. But it's pretty obvious that's what he was wanting when he carries me out to an airport and we all walked through an airplane. He and his brother.

At any rate, I'm assuming that that call was to see what North thought about that airplane.

Q Do you have no more specific recollection of what you discussed with him?

A No.

Q How many calls did you make to him?

A I have no idea. I made a couple since he's gotten in trouble, to give him moral support.

Q Have you spoken to him on those occasions?

A Yes.

Q Have you called him at home or at the office?

A At the office.

Q When you called him, has he had to call you back, or did you get directly through to him?

A I don't remember.

Q All right. There then came a time in October of

'85 when you attended a second White House briefing at the Hay-Adams?

A I assume so. Let me look at this.

(Pause.)

MR. MCGOUGH: Let's mark this as Deposition Exhibit 13.

(Deposition Exhibit 13 identified.)

BY MR. MCGOUGH:

Q This is a hotel bill, itemized room charge in your name, billed to the National Endowment for the Preservation of Liberty, showing your arrival October 16, 1985, and departure on October 18, 1985.

Is that your visit for the second White House briefing that we were discussing?

A I don't know which one.

MR. MCGOUGH: Let's mark this as Deposition Exhibit 14.

(Deposition Exhibit 14 identified.)

THE WITNESS: I guess one other reason I kind of thought maybe that was the beginning of Spitz raising money for them was one of these meetings, and I'm reasonably sure

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it was the first one.

It surprised the hell out of me when he called me up there and gave me a little plaque.

BY MR. MCGOUGH:

Q Spitz did?

A No! Calero. And it had on there, you know, a bayonet they had taken from the Sandinistas, which is a Russian bayonet. And they had it mounted on a plaque. And they gave me a couple of patches from their Army patches. So I kind of had the feeling that maybe that was the first time that Spitz had raised any money for them.

That's the only reason I could figure that they gave me the damned plaque.

Q You say that was the first time. Are you referring to --

A I think that was the first time after I had given the $20,000. The first meeting I remember of these briefings.

Q That would have been the meeting referred to in the July 3rd letter.

A I assume so.

Q When it said "our friend at dinner".

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A Okay. That's right. Because -- that's right. In other words, it would have been the dinner that he was speaking at.

Q And it was at dinner that you were presented with a plaque and some arm patches. Is that right?

A That's right. They'd also been trying to get me to go down and spend some time looking around the place, and so on. But I didn't.

Q Now, looking at the October -- the two exhibits I just gave, that's Exhibits 13 and 14 -- one appears to be an individual room charged to you. The other appears to be a list of people, total bills at the Hay-Adams chargeable to the National Endowment for the Preservation of Liberty.

And I think that you'll see that you're on that list about mid-way down for $660 and 40 something cents. It's cut off on my copy, which would correspond to the $660.43 on the individual charge.

Looking at that list of people on the comprehensive statement and the date there, does that refresh your recollection as to whether you attended a White House briefing on or about October 16th or 17th?

A That certainly looks like one of them.

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Q And you believe that would be the second White House briefing?

A I was trying to think on this George S. Patton. That's the first time I'd ever seen anyone. But I can't place him, one or the other.

Now, wait a minute. I'm just thinking. The first time I met Sacher was at kind of a nightclub at dinner. And I was trying to think -- oh, I'll bet you, looking at the cost there, we probably came in the night before or something. And that's probably what that was.

For a second, I thought it might have been another briefing, but that was just dinner. That's right. It was Spitz and Sacher and his wife.

I don't remember whether Barbara Christian was there or not, but I do remember Sacher and his wife and Nancy and I.

Q So this would have been a White House briefing. Can you tell me what occurred?

I believe you mentioned the Indian Treaty Room as being the room in which you held it.

A There were just some speeches, as usual.

Q Who made the speeches, and who was there at that one?

A I don't remember all of them. I remember Buchannan, some younger, tall fellow that's a liaison with the House and Senate. It seems like his name starts with an L, a French name.

Q Kojelas?

A I don't know that name.

Q Linas K-o-j-e-l-a-s.

A That may be it, probably. Possibly, Regan. I don't remember for sure. I think that's the meeting where we went over to the White House and got our pictures taken with the President.

Q Did Colonel North make a presentation?

A Gosh, I assume so. I was trying to think. I can't even remember whether there was a screen set up or not. I remember the room there being dark. I just don't remember.

(Pause.)

Q To the best of your recollection, did you attend any other White House briefings, or Executive Office briefings on the Nicaragua situation?

A I think it was just two.

Q Other than his appearance at the first White House briefing, and possible appearance at the second one, I think you said you didn't recall whether he was there, and your meeting in his office, have you ever met Colonel North face to face, or talked to him face to face?

A Yes. And I don't remember which briefing it was, but I know at the Hay-Adams there, Adam Keywitz, Barbara Christian and Ellen Norwood and I all had dinner at the Hay-Adams.

That's strange. I guess we'd gone in for a drink. I don't understand why we would have had -- because dinner was at the two briefings. It lasted a while and we were there late.

I don't remember. It had to do something with the briefing is why we were there, but at any rate, one evening, after some events during the day, we were sitting there having some drinks. I don't remember whether we'd had dinner or not.

Spitz had said North was going to come by and have a drink with us, which he did. He stayed just a few minutes. Basically, that's all we were doing, was kind of joking.

And there was -- I don't remember anything of substance being talked about. That was the only other time I think I've been with him.

Q I'd like to talk about something that came up a little bit earlier. And that is the solicitation from Rich Miller to you that came directly, I believe.

MR. MCGOUGH: Let's have this marked as Deposition Exhibit 15.

(Deposition Exhibit 15 identified.)

BY MR. MCGOUGH:

Q I want to concentrate on the copy, if I could, or the top item, which is a receipt for a charge to your account dated June 4, 1985 for $10,000.

Was this the receipt for the wire that you sent to a Costa Rican bank?

A Yes.

Q Now, rehearse again with me, if you would, how the solicitation came in and what you believed, if anything, was going on, what it was for?

A Spitz had just called and kind of warned me that Rich Miller was going to call me and ask me for some money. Some hours later, Rich Miller did call. And I believe it

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was the same day. And indicated that there was some need for $30,000 right away in Costa Rica.

They couldn't tell me what it was for, but sometime in the future, he would. I said, "Well, I'll let you have $5,000." He said something to the effect that he's not in the habit of fundraising, he's kind of uncomfortable doing it. And he doesn't really know much who else to call, but could I make it ten.

And I said, "Fine. Where do I send the money?"

He stuttered around and he said, "I'll have to call you back. I'll get to you."

Some hours later, he called and gave me the account number in a Costa Rican bank. The money was to be wired through Miami, the correspondent bank.

I picked up the phone and wired the money. It was probably there in 15 minutes. He did call the next day and indicated it hadn't gone through. And I told him what I'd done and, apparently, he checked again. And that was the last I heard of it.

MR. MCGOUGH: Let's have this marked as Deposition Exhibit 16.

(Deposition Exhibit 16 identified.)

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BY MR. MCGOUGH:

Q I show you what's been marked as Deposition Exhibit 16, which I believe is a piece of paper that you supplied to us, handwritten notes.

Do you recognize that?

A Yes.

Q What is it?

A That's the notes I made talking to Rich Miller the second time, when he gave me the account number to wire the money to.

Q Then there's a word "Banco Internationale". To what does that refer?

A Apparently, that's the bank -- well, let me go through to make sure here.

(Pause.)

Okay. The second one is the correspondent bank in Miami through which the money was to go to Costa Rica.

Q And this information was given to you by Rich Miller over the phone?

A Yes.

Q Obviously, by this time, you had met Rich Miller. Is that correct?

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A Yes.

Q Do you recall -- does this refresh your recollection as to the context in which you met him?

A No. All I can really remember in meeting him is that it was at one of those briefings, and riding around with him in a station wagon, and having some long discussions about what's going on in Nicaragua and elsewhere.

Q Other than this incident, did Mr. Miller ever solicit you for funds to the Nicaraguan resistance?

A No.

Q What did you understand Miller's relationship with Mr. Channell to be?

A I was never told, but I assume that probably Spitz was working for Calero somewhat through Miller. That was just an assumption on my part.

Q What was that based on?

A I guess Miller's being there.

Q Did Miller seem to have fmaiiiarity with Calero?

A Gosh, I would assume so. I just don't remember thinking about that.

MR. MCGOUGH: Let's have this marked as the next

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deposition exhibit.

(Deposition Exhibit 17 identified.)

THE WITNESS: You know, I had lunch the other day with him, when I was up here.

BY MR. MCGOUGH:

Q We're going to cover that in a second.

A I was going to say -- well, we can wait.

Q Mr. Ramsey, I show you what's been marked as Deposition Exhibit 17. It's a confirmation copy of a telex addressed to you, signed "Colonel North". Do you recall receiving that telex?

A Yes.

Q Did you understand that to be an acknowledgment of your contribution through the Costa Rican account?

A You know, I was surprised to get it. Right after the fact, I assume that it was.

Q Why were you surprised to get it?

A I didn't know that North maybe would know about it.

Q At the time you received -- did Rich Miller, in talking to you or soliciting you for the funding, mention Colonel North?

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A I don't think so. I don't remember the conversation that well.

Q At the time you received this telegram or mailgram, had you ever met Colonel North?

A Well, I don't know. I'd have to check and see if this was after one of those meetings or not. I knew who he was when I got the telegram.

Q By the way, did your copy of the telegram have International Business Communications on it, if you recall?

A No, I don't remember. That would be a surprise to me. I don't believe it did.

Q Did you retain a copy of this mailgram or telegram?

A Yes. The grand jury has it.

I sent you a copy the other day.

Q Have you ever received any other written communications from Colonel North, or allegedly from Colonel North?

A I don't think so.

Q You mentioned that you had a number of meetings with Calero personally. You talked about the one meeting that resulted in the $10,000 contribution.

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Can you tell me about the other meetings?

A Well, the first one we've already talked about was the 20,000.

Q I'm sorry, 20,000. The --

A The other was in Miami. And I don't remember the date. We could figure it out. I think my wife indicated it was in July because she remembers it was the daughter's -- grand-daughter's birthday.

My grand-daughter was having an operation on her nose at the time, at the Children's Hospital down there. And we were staying at the Ronald McDonald House.

In talking to Spitz in a month or so, you know, in the weeks prior to that, or maybe just the week prior, he indicated he was going to be down there at the same time. And it would be nice if we got together with Calero.

Of course, I was down there about a week just twiddling my thumbs. And on a particular day, Calero's son picked me up fairly early in the morning, 9 o'clock or so, and took me out to his home. And Calero was staying at the time with his son in his home, whose going to school down there, whose in his early twenties.

He had his wife there and a couple of other

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people. At first, I couldn't remember. Finally, in thinking about it a lot, I remember now that the purpose for Spitz being down there was Calero, as you know, is not a good speaker. He has a heavy accent. And he was working with him trying to improve his speaking ability.

And just a night or so before, he'd given a speech to a very large number of people in Miami, as I recall, and they had taped it. And they were playing it over and over and over in the living room, watching it and criticizing him, trying to help him out.

His brother was there. At some point during the day, Calero and his brother and I drove a Volkswagon, drove all the way up to Fort Lauderdale, I believe, and looked at a very old transporter plane, walked all through it. And they were explaining how they use it carrying supplies, and so on.

Never a hint at asking me to buy it but, at the same time, it was pretty obvious that's why I was being taken up there.

Later, I realized that at some point.

When we got back, standing aside, Spitz was suggesting something about an airplane. I told him I wasn't

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going to do it, and that was that. We then all went out to dinner and Calero's wife and children, Spitz and I. There was a tableful. I can't remember who else was there.

It seems that was about all. And that was the extent of the meeting.

Q Did they in fact ask you to buy the airplane?

A No. Spitz did.

Q When was that?

A Standing in another room after we got back. He just thought, you know, it was something I could do to be able to help them. That was the way he was putting it, I guess. He thought I ought to do it.

Q Did he tell you to whom the check should be made?

A No, we didn't get that far.

Q Whether it should be NEPL or --

A No, we didn't get anywhere near that close. It was about 125,000.

Q Did there come a time, Mr. Ramsey, when you had a discussion with an attorney from NEPL about private citizens supplying armaments to the resistance forces?

A Yes. I was interested in helping with weapons, if I could. And Spitz said, "Hell, you can't do it, Ramsey.

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Let me just have Curt Herge talk to you."

And he did. As I remember, we did discuss it on the phone some. And then he sent me a letter, which you have.

Q Tell me a little bit more about this conversation with Spitz, in a little bit more detail. Who first raised the possibility of arms?

A I did. I have a personal belief that's been borne out here in quite interesting things lately, that you won't have a gorilla successful -- I mean, a communist regime in a country where the citizens are all armed.

And we've seen some interesting things happen recently, for instance, in one of the larger cities in the Philippines, but I won't go into that.

So my idea was that maybe we could provide a bunch of shotguns. You know, being from Texas, everybody's got five to 10, most of them old and useless.

But I can imagine being able to get a large number and give it to them. But it was a surprise to me to find out they didn't want them.

Apparently, the status symbol of any gorilla outfit, no matter which persuasion, is a Russian AK-47.

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They wouldn't be caught dead with a shotgun.

Q When did this conversation occur? In what context?

A I don't remember.

Q Do you remember where you were?

A It was over the phone. I feel reasonably sure. And at some point in there -- I don't remember if it was before or after the letter -- I had spent some time calling the Commerce Department and the Justice Department, and so on, to find out just what we could do and couldn't do.

Q Did that spark your conversation with Mr. Herge?

A I don't know whether that was before or after. I was going to say we could figure that out, but we probably might not be able to. His letter came quite a while after the phone conversation.

MR. MCGOUGH: Let's mark that as a deposition exhibit.

(Deposition Exhibit 18 identified.)

BY MR. MCGOUGH:

Q Do you recognize what's been marked as Deposition Exhibit 18?

A Yes.

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Q Is that the letter you received from Mr. Herge?

A Yes.

Q As best you can recollect, that came sometime after your conversation?

A Yes.

Q With Mr. Channell?

A With Mr. Herge and Channell.

Q Mr. Herge and Mr. Channell. So there was a delay between the time you spoke to Mr. Herge?

A As I remember, it was quite a while. But the only way to check that would be to check his phonecall. It may be in my notes.

Q I'd like to go back, if I could, to a deposition exhibit that was marked previously. Deposition Exhibit 11. I'd like you, if you would, to turn with me, Mr. Ramsey, to page 4 of that transcript, and take a moment, if you would, to read the top of that page. Or read as much of it as you care to.

I'm particularly interested the statement about one-third of the way down.

A Okay. Just give me a second.

(Pause.)

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This must be a conversation because it doesn't make too much sense.

BY MR. MCGOUGH:

Q Let's assume for a moment that it is a conversation that one person is asking questions and the other is giving answer.

A I've never heard this before.

Q Do you recall any discussion -- I'm particularly interested in the reference that I could get 10,000 people to give their old shotgun to this.

A Yes. I would assume this is all one conversation. But now that you take that out of context, that sounds like something I said.

MR. MCGOUGH: Let's do this. Let's take a short break. I'd like you to look over this transcript very carefully.

THE WITNESS: Are these things all taken out of context?

MR. MCGOUGH: Let me give you a theory here.

THE WITNESS: A what?

MR. MCGOUGH: A theory. And let you work with it. Let's take a short break, if we can, while you look this over in more detail.

And that is, this is a transcription of a tape recording.

THE WITNESS: A single one or many?

MR. MCGOUGH: A single one. The people on it are not identified, and, therefore, you have to assume that it's a conversation among a group of people, where the person transcribing the tape recording has not identified on this transcript the people involved.

Let's take a break until 11 o'clock. It's now 10 to 11. Take a minute to read through it thoroughly.

And my question is going to be do you recall a meeting or having a conversation like this?

THE WITNESS: I'm a little confused because, in taking this first half-page I've read, that one sentence is something I could have said. But none of the rest of it. I don't remember ever hearing it before.

MR. MCGOUGH: That's why I wanted to take a break and give you a chance to look through this. It's an identified document.

THE WITNESS: But this is a single conversation? It's not just pieces stuck together?

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MR. MCGOUGH: I believe it is. If you can take a look at it as a unified document and see if it refreshes your recollection. All right?

THE WITNESS: Okay.

(Recess.)

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MR. MC GOUGH: Let's go back on the record, and we will put that on.

We have been off the record on recess while Mr. Ramsey reviewed a copy of Deposition Exhibit 11.

BY MR. MC GOUGH:

Q My question to you, Mr. Ramsey, is in light of your review, do you recall being present at a meeting or being party to any conversation representing the whole of Deposition Exhibit 11?

A No. There is very much on there I have never heard of before. It kind of bothered me. There were two or three little things that sounded familiar and maybe even a quote or two.

There was one sentence that was like I said it myself, but that has got to be just an accident because I don't think I have ever heard this before.

Q You mentioned a few things that you could have said yourself or that sounded familiar.

Just for the record, could we just tick those off?

A I bet I could get 10,000 people to give their old shotguns, because, you know, I remember saying something one

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time about thinking I could raise 10,000 shotguns. I suspect I might have put this idea in somebody's mind.

And then there is nothing I hate worse than getting screwed. I am scared to death that everything I give is going to end up in somebody's pocket.

That is pretty close to what I might have said a time or two.

MR. MC GOUGH: Let's do this. We don't have page numbers -- oh, we do have page numbers. All right.

THE WITNESS: I don't.

MR. MC GOUGH: Actually, these are your page numbers down at the bottom.

The first one, the 10,000 shotguns, appears at page 35314, an A number in the bottom righthand corner. It was put on in the course of document production.

The second; that is, the reference to being screwed, appears on the next page, 35315.

THE WITNESS: One thing that it did remind me of mentioning that, with regard to the Redeye missiles, I believe when I was down in Miami when they indicated that they didn't have any, that that was a ruse to keep the helicopters back in Managua, and that was working.

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BY MR. MC GOUGH:

Q Just those two references are the ones that you seem to recall?

A There are other things that sounded slightly familiar now, but certainly not in one conversation.

(Pause.)

Q Mr. Ramsey, do you ever recall receiving from Mr. Channell a list of military needs of the Nicaraguan resistance?

A I don't think so. I did, you know, get a list of boot sizes and things like that one time.

Q When was that, if you recall?

A I don't, but I did -- I found some other things after meeting with you before, and then when I met with the committee I had my son-in-law bring up some things.

Q You said with the committee?

A With the grand jury. He came up during the middle of the night. One of the things was some handwritten notes to the boot factory and to whoever else I was talking to, and I don't remember. It gave me all the sizes of boots they needed, you know. They are all small sizes, and they gave me the percentages in each shoe size, and I had the

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numbers, and so on.

Q These were handwritten notes?

A Uh-huh.

Q Was it your handwriting or someone else's?

A No, it was mine, and the grand jury has those.

Q It was your handwriting.

Was it given to you orally over the phone?

A Yes. It was a number of phone calls.

Q Have you ever heard of or have you ever had any contact with the Channell Corporation?

A Well, I assume that is the overall umbrella for NEPL and all the others.

Q What contact have you had?

A Oh, I guess I see it, you know, on various things I get from Spitz.

Q Have you received correspondence from the Channell Corporation?

A I don't keep it.

Q Do you recall who the calls were from regarding the boots?

A No, it might say on those notes who I actually got the sizes from.

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Q Was it from Spitz?

A I don't remember. That could be figured out.

Q Would you recognize the letterhead of the Channell Corporation?

A I think so.

MR. MC GOUGH: Let's mark this as an exhibit.

(Exhibit 19 identified.)

BY MR. MC GOUGH:

Q I show you what has been marked as Deposition Exhibit 19. It is a letter dated March 23, 1984, not to you or really involving you, to Ms. Ann Haley at the White House.

Is this the Channell Corporation letterhead?

A It looks like it to me.

Q Have you received pieces of correspondence with that letterhead on it?

A Yes.

Q Let's back up to the boots incident again.

Do you recall approximately when you would have received the calls regarding the boots?

A No, I think there might be a date on the note, though.

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Q Can you put it in context with anything else, perhaps your $20,000 contribution?

A It was sometime after that. I also gave him some handwritten notes where I had called the Justice Department and the Commerce Department and their branch in Dallas, and one of the two notes I believe has a date on it. I don't have copies. I don't have copies of everything.

MR. MC GOUGH: Let's have this marked as the next deposition exhibit.

(Exhibit 20 identified.)

BY MR. MC GOUGH:

Q I show you what has been marked as Deposition Exhibit 20.

A That sounds familiar.

Q You say it sounds familiar. What do you mean by that? Have you ever seen this letter before?

A I would say probably yes because it does sound familiar.

Q Let's go over it if we could. The date is April 16, 1985, which I believe if we look back is about six days after your check dated April 10th, 1985.

The first sentence of the letter says, "Dear

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John, Adolpho Calero gave me this and asked me to send it to you as a list of immediate military needs."

The letter reflects enclosures.

What enclosures were there?

A I don't remember.

Q I asked you before if you ever received a list of military needs from Mr. Channell. I believe you indicated that you did not.

A I didn't think so.

Q Does this refresh your recollection as to whether you received a list?

A This looks familiar, but I don't remember what the list looked like.

Q What were military needs? What types of needs?

A I have no idea. I can't help you on that.

It makes you wonder if he had talked to Curt Herge yet, too.

Q It does indeed, Mr. Ramsey. That is why I wanted to probe on it a bit, if I could.

Do you have a copy of this letter?

A No, not that I have found.

Q Could you describe for me your normal record

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retention policy as far as the Nicaraguan information goes?

A I have in my righthand drawer a file just "Nicaragua." Going back to look for your things, I have one on Spitz Channell and one -- I am not sure -- on NEPL. And then I have got a huge stack of stuff on my desk. Some of it is five years old, and at various places at home, and I have been more or less going through that stuff looking for things.

But mostly I don't file anything. About the only thing that gets filed is if I write "File" on the top of it or something and put it away. But most of it is just thrown away.

Q Do you recall in light of this letter having any discussions with Mr. Channell about military needs of the Nicaraguan resistance?

A You know, it just could be because we talked about, you know, lots of things.

Q I am not looking for "could be's." I want to know whether you recall a conversation.

A That is the best I can do.

(Pause.)

I just don't have any specific recollections of

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talking about anything in particular other than mentioning my idea about the shotguns. It does seem like at some point there was something said about some missiles that would shoot down HIND helicopters, and they had a problem with that.

Q By whom was that said?

A I am assuming it was Spitz, but again I don't remember necessarily that we had that conversation. I just don't remember anything specifically.

Q The fourth sentence of that letter says: "If anyone wants to give through you, please have their checks made payable to Nicaraguan Development Council and send them to me."

Were you going to engage in fundraising for the Nicaraguan Development Council?

A What I wanted to do was to try to raise some money locally, and I didn't tell him but I really had in mind trying to go around him simply because I never completely trusted him, and I would be, you know -- it was one thing to let him maybe take something off the top of what I am giving, but I would be very reluctant to ask somebody else to do it and go through Spitz and then me

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getting caught in the middle sometime.

So I had in mind maybe forming a fund-raising organization of my own, but I never went on through with it. I never did try to raise any money.

Q Did you ever contact anyone about making contributions? Did you ever solicit contributions from anyone for the Nicaraguan resistance?

A I took some people to lunch and gave them some information, but I don't think I ever asked them for any money. I was just trying to educate them a little bit.

Q Who did you take to lunch?

A It seems like just a number of people in Wichita Falls, but I am not even sure I can remember. One son and father -- and I am having trouble remembering the name.

Q Think on it and ponder it for a minute.

A Sauder, S-a-u-d-e-r.

Q Are they from Wichita Falls?

A Yes. It seems to me I gave them a packet of things that I had collected from the State Department publications.

Q What else was in the packet that you gave?

A That is all I remember. I think I might have

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given them a copy of Juan Revell's "How Democracies Perish."

Q Did you give them a copy of the enclosures that were included with the April 16th letter?

A I doubt it because I don't remember what was on that. But I would be very surprised.

Q What were you going to raise funds for?

A Just to give to Calero.

Q What were you going to tell people the money was going to be used for?

A I had no intentions of telling them because I didn't know either.

Q You were going to raise money from other people in your area for a cause just to get to Calero without identifying first what the money was going to be used for?

A That is right.

Q Did you request a list of military needs from either Mr. Channell or Mr. Calero in order to facilitate your own fundraising?

A I don't think so.

Q Can you recall the name of anyone else that you might have had lunch with and discussed this with? Anyone else that you were going to solicit or inform, as I think you said?

A I may have a note at my office on that. I can check and see.

Q But can you recall?

A That is all I can think of.

Q How many lunches did you have?

A I have a feeling there were five or six. That is the only one I can think of.

Q Where did you have them?

A That particular one was at the University Club.

Q Where did you have the other ones?

A That is all I can remember. If I could remember where it was, I might remember who I took, and I might have sent them some stuff or something. I just don't know.

I do remember making up a few packets, I think about 20 copies of "How Democracies Perish" and another book. I can't think of the name of it either.

Q There is a reference there to "see you in Nicaragua."

What does that mean?

A They were trying to get me to go down there just on a sight-seeing tour.

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Q Who is "they"?

A Calero and Spitz.

Q Why?

A I assume they thought they would get some more money or they could get me to interest other people if I found somebody that was interested.

Q In reviewing your files for information responsive to the subpoena, did you find a copy or the original of this letter of April 16th?

A No. I didn't remember that one until I read it.

Q Let me ask you again if you recall any discussions with Mr. Channell regarding the military needs of the rebels in Nicaragua?

A Nothing specific. In the few conversations I can remember having, I am not too sure who I had them with, whether it was Calero or Spitz, but I do remember some discussions one time about them having a problem shooting down the helicopters, and there was some other kind of missile that was the equivalent of the Redeye, something to that effect.

Q Let's probe that a little bit.

Did the conversation include how those missiles

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could be obtained for the resistance?

A There was some talk of being able to buy them in South America.

Q Was there talk about the cost of the missiles?

A I remember it was 20,000.

Q Each?

A Yes.

Q Can you put it in an approximate timeframe?

A No.

Q Would it have been after you met Calero for the first time?

A Oh, yes.

Q Was Calero present for that conversation?

A I just don't remember where I heard it. I just remember the talk about it.

Q Was Mr. Channell present in this conversation?

A Probably.

Q Do you recall whether the conversations took place? Were they over the telephone? Were they face to face?

A I just don't remember. I just remember the discussion.

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Q Was Colonel North present during that conversation?

A No.

Q Was Mr. Miller, Rich Miller, present during that?

A It would have either been Calero by himself or the two of them together. I mean, or Spitz by himself or Calero and Spitz. I just don't remember.

Q Was there a solicitation made to you at that time to donate money to buy such missiles?

A That was probably the general idea, although I don't really remember that being -- I remember mainly the discussion, the fact that they thought they could get them or something like that.

Q You have identified two meetings with Calero, one being the one that generated the $20,000 contribution and one being a trip up to see an airplane in Florida.

Have you had any other face-to-face discussions with Calero?

A At these briefings.

Q Did this discussion of the Redeye missiles occur at the briefings?

A I don't remember. It is my feeling it didn't.

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Q Was the $20,000 contribution to the Nicaraguan Development Council for a Redeye missile?

A No, I had never heard of one then.

Q So that was not -- at the time you made that contribution you had not heard of the missiles?

A No. In fact, there was no discussion of what that money was going for. The only discussion there about arms was just a general discussion as to what the problems were down there.

Q Now, did you discuss the Redeye missile during your visit with Mr. Calero in Florida?

A I don't remember. Probably, since we spent a considerable time discussing their problems with the HIND helicopters. There was a new publication out at the time in one of the magazines about -- it seems like it was Eagle or something. I don't know -- that mentioned -- it was a story on what weapons would knock down a HIND helicopter. Most won't. Some of the smaller caliber weapons, I think I mentioned, up to 20 millimeters, something like that. I remember that Calero sent his son out to the newsstand and brought an issue back so I could read it, which I did. It has long since been thrown away.

But I don't remember whether Redeye was one of them or not listed on there, but, you know, it was quite a range of foreign weapons, and so on, things that could knock down a HIND helicopter.

Q I keep coming back. You have a specific recollection of a conversation with someone involving a missile or missiles costing approximately $20,000 each that could be obtained in South America, the point of which, at least indirectly, you understood to be to solicit your support for that?

A Indirectly.

Q I understand that.

Was that specific conversation the same one you have been referring to now with Calero and his son, or is that a separate?

A I just can't remember. I am sorry, but I just don't really remember separating one conversation from another, separately.

Q And you don't remember whether Mr. Channell discussed that with you?

A I am thinking there is a reasonable possibility that he did, and it could have well been when he was down

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there. It could have been on the phone.

Q Now, this would have been a rather extraordinary conversation, would it not?

A Yes, somewhat. You know, we were talking about missiles quite a lot.

Q You say we talked about missiles. Who is "we"?

A We? Calero and Spitz and, you know, you can't help but talk about the situation down there without talking about their problems with being underarmed.

Q I believe you mentioned earlier that Spitz was generally very careful not to solicit money for arms, and yet what you are relating to me now is at least an indirect pitch to give $20,000 for arms.

A They might not have been asking for the money directly. They were just saying that if they had the money they could buy them.

Q They being who?

A The FDM. I don't think there was any intentions on anybody's part to ever go and say, look, give us $20,000, we are going to go buy a missile with it. Everybody knew that was illegal, and it was unnecessary.

Q Nevertheless, you have a recollection of a

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conversation?

A This being discussed. You know, that was something that they were in dire need of as something to combat the HIND helicopter.

Q Did you make a contribution to do that?

A No.

Q Why not?

A I don't know. I wouldn't have done it just for that reason. Basically, I was giving away about $60,000 a year. If I hadn't given it awav -- I gave them what was left or something. It was never given for anything specifically. It had more to do with what I felt like I could afford to give at the time.

Q Were the missiles on the list of military needs sent to you by Spitz Channell?

A I don't have any idea. I just don't know.

I am assuming that this was an innocuous sort of thing, but I don't remember.

Q And you didn't keep it?

A No.

Q And you didn't even keep the cover letter, as best you know?

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A No. I assume you have the rest of it.

MR. MC GOUGH: That is all I have.

Mr. Fryman might have a few questions.

MR. FRYMAN: Go off the record a minute.

(Discussion off the record.)

MR. FRYMAN: Back on the record.

EXAMINATION

BY MR. FRYMAN:

Q Mr. Ramsey, I show you what has been marked as Ramsey Exhibit 6 for identification. This is some material you received, I believe you said, from Citizens for America?

A Yes.

Q Have you made contributions to that group?

A I think so.

Q What is that group?

A It is an organization formed by Lou Lehrman. As I remember it, I think he was asked to do it by President Reagan, and it is my understanding that they organized a group in each Congressional District across the United States to try to keep the local news media straight. When they are out in left field, they will call it to their attention; in other words, to organize each district for

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conservative ends.

Q Do you know Mr. Lehrman?

A Yes. I had him down to speak at our Economics Club.

Q How many times have you met with Mr. Lehrman?

A That is the only time I remember right off.

Q Think a minute further and tell me if you recall any others.

A I don't think so.

Q Are you aware that Citizens for America have been instrumental in organizing a group to raise funds for the resistance in Nicaragua?

A No.

Q Are you aware of a group that was headed by former Secretary of the Treasury William Simon?

A I knew that he had given money. I remember just reading, I guess, in the Washington Times along there at some point William Simon and Jeane Kirkpatrick and Arnaud de Borchgrave -- that is all I can think of -- all gave money along there about the same time.

I don't know whether that was a formal organization or just gifts directly. That is the only thing

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I recall.

Q Did you ever discuss Nicaragua with Mr. Lehrman?

A I doubt it. I just don't remember when I had him down there, but I think it was quite a long while before the meeting with Calero and before I got involved in Nicaragua, and I think basically the reason I did this is probably giving him some money.

Also, they don't have someone in our district, so I think I kind of get this, even though I am not a representative.

Q Have you ever met Jeane Kirkpatrick?

A I heard her speak, but I never met her.

Q Have you ever met William Simon?

A I have heard him speak a number of times, but I don't think I ever met him.

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Q Did you hear either Mr. Simon or Mrs. Kirkpatrick speak on the subject of Nicaragua?

A I don't think so.

Q What subjects did they speak on?

A I only heard Simon speak on economics, and Kirkpatrick was at some large briefing that was either Spitz' deal or NCPAC's, I don't remember, because it was sometime ago, I believe. I was going to say which hotel, but I can't remember, and I think she was probably talking about just international relations, perhaps the UN, but beyond that, I don't recall.

Q Now you spoke earlier of your plan to collect some shotguns to ship to Central America. Are you aware of any other efforts to collect arms or to gather arms in any way in the United States?

A No. That's the only thing that I did on that line.

Q I'm not asking about your own efforts. Are you aware of any efforts by anyone else along that line?

A No.

MR. FRYMAN: I have no further questions.

MR. MC GOUGH: I have a few more to kind of bring

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us up to the current time.

FURTHER EXAMINATION

BY MR. MC GOUGH:

Q Have you ever had any contact with CMA or Mr. Tom Posey?

A Those don't ring a bell, though.

Q CMA?

A No, I don't think so.

Q I want to ask you about recent contacts with several people. By "recent," let's define it as since November 1 of '86. So during the last five to six months since November 1 of 1986, have you had any contact, written or oral, with Oliver North?

A I think I have only called him a couple of times since then. I assume -- is that about the time that he was fired?

Q Yes. Let's put his firing in November, I believe, late November. And the first revelations of the armed sales to Iran were probably early November, if that helps.

A I believe I have called him twice. Just talked to him briefly. Then I may have called him just before I

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came up last time, and he didn't return the call.

Q When you called him, did you get through to him immediately, or did you have to call back?

A I don't remember. It always -- it seems like sometimes he called back, but not every time. I don't know.

Q What did you discuss in those conversations?

A The only one I remember, which was the last one, that was more than just hello-goodbye, was that he seemed a little depressed. And he was telling me about an episode with his daughter that day or -- she was telling me -- she was filling out her papers to go to college and had asked about been responsible, and I guess this had precipitated a bout with her father. She was very, very bitter at the U.S. Government. And he was telling me some of the things he told her, like, for instance, a lot of daughters don't even know where their fathers died, you know. They were just told they were missing in action and were never seen again.

He indicated he was concerned about losing his pension, which he thinks that the government definitely owes him, and it owes his wife. During the next 14 months. He indicated that between 19,000 and 20,000 letters, unsolicited, only perhaps 30 of them were derogatory.

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That's all I remember. I don't know whether I've repeated that two or three times.

Q What was the purpose of the call?

A I was afraid he was being depressed, if he was reading the same articles that I was, and it turns out he just wasn't reading them.

Q Did you tell him anything?

A No. I don't remember anything further than that.

Q Did you say anything supportive to him?

A I told him he was appreciated.

Q Why two calls?

A I don't remember, but they were nothing more than that.

Q Did you discuss with him the contra or Nicaraguan situation?

A No, I'm sure I didn't.

Q Did you discuss with him any appearances or testimony you might have to give --

A I don't think so.

Q -- in connection with this matter?

A I don't believe I told him.

Q At the time you had these discussions with him,

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did you know that you were going to have to appear either before the grand jury or before the congressional committee?

A That may have been before. Those dates, I think, show up on those notes I gave the other -- the grand jury. There are some notes where I called him. At least the date can be somewhat tied down.

Q Did you discuss with him any historical events? That is, discuss an attempt to refresh your recollection or his recollection on any of the conversations that may have occurred

A No.

Q How about Mr. Miller. How much contact have you had with him since then?

A About the same, except when I came up last time I lunch with him.

Q Let's take them one by one.

Since November or so, how many times have you spoken to him?

A I don't know. I think I called, tried to call Spitz a couple of times just to ask what was going on up here, you know. I couldn't get him, and I finally called Rich. I know at one time I was talking to either Spitz or

Rich and the other one was there at the office. So I talked to both of them. Basically, I didn't learn anything. I remember the first time I called Miller. You know, he said, "Well," he said, "Hell, just tell them the truth. Nobody really did anything wrong."

Q How many telephone conversations can you recall happening?

A I can't, but I could guess three.

Q And how many with Spitz?

A Since the subpoena, I can say, maybe one or two, at the most.

Q You say since the subpoena. What subpoena are you referring to?

A The one from the Walsh Committee.

Q When would that have been?

A A couple of weeks or so ago. I don't remember. Well, I've got it here. It's dated the 24th of April. I got it a few days after that, probably. About that time. I just called last month. It seems like I had a lot of trouble finding it. I do remember talking to him some, though. I had dinner with him in Dallas in January. We discussed, you know, just kind of what was going on.

Q I don't know. Tell me more.

A At that time, North had been fired and the press was going wild, and he was listing how many phone calls he'd had from the press. But basically, the reason for the dinner was, he has another project that he wanted to get started this spring. It has nothing to do with this or not directly anyway. And was wanting $10,000 for that.

Q Did you discuss your past dealings during that dinner?

A I don't think we discussed our relationship at all. Basically, we were discussing what's in the press and some of the other things that were coming out.

Q That was with Mr. Channell, to your knowledge?

A Well, and there were two more fellows with him.

Q Who else was there?

A I saw one of them's name, I think, on the list, but I am not sure which one the other one was.

Q Were they NEPL employees?

A Yes. I think so. Sometimes I'm not too sure works for who.

In fact, one of the calls, now that you remind me, to Spitz -- and I couldn't get him. So I talked to his

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secretary -- was just to find out, when I go through all my checks about these things, I can't remember which ones are his organizations and which ones weren't. And I asked her for a list, and she gave me six. I said, are there any others? And she kind of hesitated, like there others, but she didn't want to give the names.

(A pause.)

I'd know his name if you told me.

Q There were two other NEPL employees, as best you recollect?

A That's right. That's close enough.

Q Other than the dinner with Spitz in January and the phone call when he was with Miller, can you recall any other conversations that you've had with Mr. Channell since November of '86?

A That's all I recall.

Q To close out the Miller side, you recall approximately three telephone calls with Miller since that time?

A That's right.

Q Since November '86. I believe you said you had lunch with him>

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A Yes.

Q During one of those telephone calls was Mr. Calero in the vicinity?

A Yes. But, you know, it's kind of a funny thing on that one. He called to tell me one day last week he was sending this movie script, and he mentioned something about my having said something about Calero being in his office. And I did tell the grand jury the other day that I thought, when I called and talked to Rich, Spitz and Calero were there, but then in discussing it with my wife later, she said, I don't think your talk was in Rich's office. I think you had called for Spitz, and they had given you his attorney's office, and you had called over there.

So damned, if I know. If they ever get me back on the grand jury again, I may straighten that out. I'm beginning to think now it may not have been in Rich's office, and he said he didn't remember anything at the time that I called, that Calero was in his office.

Q So during that conversation, you and Rich did discuss testimony that you had given before the grand jury or to these committees vis-a-vis his recollection?

A I didn't tell him what I told the committee.

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Q But he seemed to know what you told the committee?

A Yes. That's what surprised me.

Q In essence, he was attempting to correct you?

A I don't think so. He might have been. I think he was right, after I thought about it.

Q I'm not asking whether he was right or wrong. In essence, what he was trying to do was to say that, in fact, that may have been an incorrect recollection?

A He was just saying he didn't have any recollection.

Q What other discussions did you have with Mr. Miller about testimony that you might have given?

A That was just kind of an incidental thing to the conversation, but as you can tell, you know, if things aren't important, I don't remember them clearly.

Q Did he appear concerned that you had indicated that Calero was in his office?

A I couldn't tell. It kind of put me slightly on the defensive or made me think I might have made a mistake. It might be important, you know.

Q How did it come up?

A He just mentioned it. He said something about, did you tell someone that you had a conversation with Calero in my office recently or something to that effect.

And I said, yeah, don't you remember, or something like that. I called for Spitz. And in talking to Spitz, something was said about Calero being there. I guess -- hell, maybe it had nothing to do with Rich at all. I was calling for Spitz.

Q I'm not talking about that. I'm not interested right now in your recollection of what occurred. I am interested in what Mr. Miller, the conversation with Mr. Miller about your testimony.

A He just said -- well, I said something. I told him what I thought the case was that I had called, and he said something about Calero being there. I said hi to Calero and asked him -- it was right about the time that he was resigning from -- you know, I said something about it looked like he was being pushed out. And he said, oh, no. I still got control of what counts. Something to that effect. And we're doing real fine. Good luck. Goodbye.

Q So you had this conversation with Mr. Calero.

A Just a couple of sentences.

Q To the best of your recollection, where did that -- in what context did that conversation take place?

A I first thought that it was in Rich's office. I'm no longer sure of that. In fact, I'm not even sure now that Richard was there. It might well have been in Spitz' attorney's office.

Q And the catalyst for your changing recollection was a telephone conversation that you had with Rich Miller?

A Right. And then discussing it with my wife afterwards.

Q When, precisely, did that conversation with Miller take place?

A One day last week.

Q Who called whom?

A I believe he called me to tell me he was sending the script, which I expecting anyway. He told me he'd send it when I was up here.

Q Have you ever had any other discussions with Mr. Miller concerning the substance of your testimony either here or before the grand jury?

A No.

Q Have you had, as far as you can remember, any

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conversations with Mr. Miller concerning historical events -- that is, the historical events relating to the Nicaraguan resistance? Have you discussed what you did and when you did it with Mr. Miller?

A I don't think so. I know, when we went in to have lunch, you know, the first thing we said was, you know, we'd better not be talking about anything to do with the hearings, and we didn't.

Q Until this telephone conversation last week.

A And all I did was repeat to him, you, I guess, what I'd said. Maybe I shouldn't have done that.

MR. MC GOUGH: I don't think I have any further questions.

MR. FRYMAN: I have just a few.

FURTHER EXAMINATION

BY MR. FRYMAN:

Q Going back to Colonel North, you testified that you had met with Colonel North once in his office, I believe, and you had had a drink with him once at the Hay-Adams Hotel.

A Yes.

Q What other face-to-face meetings have you had

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with Colonel North?

A I believe that's all.

Q Prior to the time he resigned or was dismissed, did you have his home telephone number?

A I don't know. I don't remember ever calling him at home, but you now, I had a telephone number or two.

Q How would you have obtained his home phone number?

A I remember Spitz saying one time, you know, why don't you call the guy and tell him -- he's kind of down -- and tell him you're behind him or something like that and gave me the phone number.

Q You're now saying that Channell gave you the phone number for you to call North?

A Right. I remember that anyway.

Q Did you call the White House to get North's number?

A I may have.

Q Who did you speak with at the White House?

A It would have been the switchboard, if I had, I assume.

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Q Is there anyone who now works in the White House that you could identify?

A No one I know well enough to call. Now that you mention it, I guess practically everybody I know is gone or that I meant at one time or another.

Q What is your best recollection now as to how you got North's phone number?

A Most likely I was given it by Channell. I might have asked for it, I don't know. Because, you know, i called him a time or two after I met him or once or something. I don't know. I had some questions or something about some airplane or something.

Q But these are calls you placed to the White House, were they not?

A Yes.

Q So you didn't need his home phone number to make those calls?

A I don't know that I ever had his home phone number. I know the numbers, and I called him since he left the White House or his attorneys.

Q How did you know he was going to be at his attorney's office when you called?

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A I was told to call. How I got the number -- probably the day Spitz wanted me to call him and give him a pep talk, he probably had the number. That sounds vaguely familiar.

Q Have you spoken with Colonel North's attorneys?

A No.

Q What law firm represents him?

A I don't know. But I'd recognize it if I saw it.

Q Is it Williams and Connolly?

A Yes.

Q When you tried to reach Colonel North, what did you say when you got there, when they answered the phone?

A One time I said, a friend, because I figured they didn't act like they wanted to pass it through.

Q Then what happened?

A I don't know whether I got through or they had to have him call me back, one or the other.

Q What about the other time?

A The same. I just don't remember.

Q And prior to these conversations, you had met with Colonel North a total of two times?

A I think that's right.

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Q Once in his office; once in the Hay-Adams bar?

A Right.

Q How many times had you spoken with him on the phone before?

A I doubt that I'd spoken to him before that. I'm not absolutely sure. It's likely. I don't know for sure, that the time I spoke to him in his office and the time I met him in the bar were the same evening. I just don't know.

Q And you made these recent phone calls, you believe, at the suggestion of Mr. Channell?

A One, the first one was, you know, he's kind of low. Why don't you give him a call? Pep him up or something to that effect.

Q And Mr. Channell suggested you call up the law firm?

A I'm guessing that's where I got the number. That's a fairly reasonable assumption.

Q What prompted the second call?

A I don't remember anything in particular prompting it. I might have read a particularly negative article at the time or something.

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Q Did Mr. Miller ever suggest that you call Colonel North?

A No, not that I recall. It doesn't sound likely.

MR. FRYMAN: I have no further questions.

MR. MC GOUGH: Let me just -- I may have one little follow up.

FURTHER EXAMINATION

BY MR. MC GOUGH:

Q To your recollection, has Colonel North ever called you, either in return to one of your calls --

A Yes. He's returned my calls, but I can't imagine him ever having called me, unsolicited.

Q All right.

Can we assume that when he's returned your calls, those would be recently, that is, since the story broke in November of last year?

A Probably.

Q Had you ever called him before November of last year?

A Yes. And those calls, I think, are in those notes that the grand jury has. There was one call in which I had some notes about airplanes, that don't mean anything

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to me. And I'm guessing, but I don't know for sure, that may have had something to do with clarifying it. I'm thinking, anyway, that they were trying to get me to buy the plane. They never asked for it, but it could be, they were going to go up there and look at it, anyway. It's a good time to do it. And to take me along. But in looking back at that note, what notes they have, I didn't think about them the first time when I came up. The other fellow said something about a diary.

And my mind works in a very straightforward way. To me, a diary is something you write down in every night. Later I got to thinking, you know, well I keep a log in front of me at the office, which is just a three-ring binder. Every week I draw a line down the middle of the page. On the left-hand side are just phone calls, doodling and so on. On the right-hand side, is what I've got to get done. And I remembered that. And I had my son-in-law, then -- it was 8:00 o'clock or 8:30 in the morning before I went into the hearing. At any rate, they have that, since '84. It may not be all that useful, because it is pretty pretty much incoherent, but I thought everybody ought to see it, because it doesn't even mean a whole lot to me now.

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Q But as best you can recall at this point, you have, prior to November, prior to the story breaking, you had spoken to Colonel North?

A I had called him a time or two, just because he was a source of information.

Q Did you ever discuss with Colonel North during that time or two the military needs of the contras?

A I don't remember. I doubt, anything specific.

Q You're speaking to a person in the White House -- I find it a little bit hard --

A The only thing I can remember is him saying that he would like to see them go to the Maule airplance and people quit buying oddball planes of different kinds, because they knock a wheel off one. They can't know, take one off another one. They have broken-up airplanes all over Nicaragua down there. Every one of them is different.

So I remember that conversation.

Q Was that in a telephone cohversation?

A I don't know. [redacted]

Q Have you ever made any deposits to Swiss bank

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accounts?

A No.

Q Have you ever made a deposit to a Lake Resources account?

A No.

Q Have you ever made any deposits at all at the behest of Mr. Channell and Mr. North, Mr. Miller or Mr. Calero, other than the Costa Rican deposit?

A No.

Q Every other contribution is represented by a check?

A Yes.

Q Have you ever passed money on to Channel, North, Calero or Miller or any of their organizations on behalf of someone else for the Nicaraguan resistance?

A No.

Q All the money that you have given them has been your own funds?

A Yes.

MR. MC GOUGH: I think I should really be done.

MR. FRYMAN: I have nothing further.

MR. MC GOUGH: That's it.

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(Whereupon, at 12:10 p.m., the taking of the deposition was concluded.)

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, David L. Hoffman, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

David L. Hoffman
Notary Public in and for the
District of Columbia

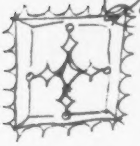
My Commission Expires 6/30/90

Exh. 1
4/27/87 DLH

11:50
11-19-85

Mr. Ramsey,

Rich Miller
(202) 387-3002



Chemical Engineer
Stone & Webster

Energy related

working on CO_2
injection system

problem costly to Imm

CO_2 9 production unit

CO_2 vented .45-.50

Ex energy [illegible]

104 on $

Donald Miller
40 Chem Eng
ex Monsanto

40-50 M new

5-10 M transported

res. 713-463-2680
off 713-492-4379

Chester Lambert Baker & Taylor
knows about CO_2

Jul 85
Exh. 2
4/27/87 DJH

TELE MIAMI **UNCLASSIFIED**

SYNOPSIS OF ACTIVITIES OF THE F.D.N. FOR THE WEEK JULY 1 TO 8, 1985

NUMBER OF COMBATS - 32
THE BATTLES WERE DISTRIBUTED AS FOLLOWS:
JINOTEGA - 12, MATAGALPA - 1, ETC.

** TRANSLATOR'S NOTE: "EPS" REFERS TO THE GOVERNMENT FORCES, OR THE OFFICIAL ARMY OF NICARAGUA.

EPS EQUIPMENT DESTROYED:
12 IFA (TRUCKS)
1 SMALL TANK
3 JEEPS
THE BRIDGE THAT CONNECTS JICARO AND SEGOVIA

4 EPS FORTS DESTROYED OR TAKEN

THE FORTS ARE LISTED WITH THEIR LOCATIONS.
THE TRANSLATOR EXPLAINED THAT THESE FORTS ARE IN FACT HACIENDAS, OR SMALL COVERS, THAT THESE FIGHTS DON'T TOTALLY DESTROY THE PLACES, THAT THE EPS TROOPS RETREAT AND WILL MOST LIKELY RETURN AT A LATER DATE.

DESTROYED: TWO CENTERS FOR THE DISTRIBUTION OF FOOD

DESTROYED: A STATE COFFEE PLANTATION

EPS MATERIAL CAPTURED:
53 AK47 RIFLES
33,100 ROUNDS FOR THE AK47
134 CARTRIDGES FOR THE AK47
8 HAND GRENADES FOR THE RPG7 (ANOTHER RIFLE)
6 GRENADES FOR THE M-82MM
23 PONCHOS
10 HAMMACKS
60 UNIFORMS
42 PAIRS OF BOOTS
75 BACKPACKS
20 CANTEENS
8 REVOLVERS
1 WATCH
64,500 DINERO CASH (NICARAGUAN)

5588

EPS DEATHS 265
EPS WOUNDED 47

EPS OFFICIALS DEAD - 13, 6 OF THEM IDENTIFIED BELOW

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Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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Jul 85
Exh. 3
4/27/87 DLH

.RELEVANT ACTIONS DURING THE WEEK JULY 1 THROUGH 8

ATTACK OF THE FORTS ORO VERDE AND EL CASTILLO IN ESTELI. THERE THEY DESTROYED THE STATE COFFEE PLANTATION, THE COFFEE PROCESSING MACHINES, AND A RADIO STATION AND ITS LONG RANGE ANTENNA. FURTHERMORE, IN THIS ACTION, LARGE AMOUNTS OF COMBAT MATERIAL WERE CAPTURED ALONG WITH PRIVISIONS WHICH WERE DISTRIBUTED AMONG THE CIVIL POPULATION.

THE DESTRUCTION OF THE FORTS AND THE COLONY PUERTAS VIEJAS IN ESTELI WHERE WE ALSO CAPTURED LARGE AMOUNTS OF COMBAT MATERIALS AND WE BURNED THREE JEEPS OF THE STATE SECURITY POLICE.

THE OPERATION MADE BY JORGE SALAZAR IN WHICH THE SOLDIERS OF THE EPS WERE OVERTHROWN 5 TIMES IN A ROW. THE EPS HAD ABOUT 50 PEOPLE DEAD.

THEY TOOK CONTROL OF THE HIGHWAY THAT CONNECTS THE TOWNS OF JOBO AND ZACATERAS FOR 24 HOURS THAT IS LOCATED 8 KM OUT FROM WIWILI AND THEY TOOK AWAY MORE THAN 200 METERS OF TELEPHONE WIRES THAT CONNECT WIWILI AND QUILALI IN JINOTEGA.

5589

[redacted] Declassified/Released on 10Feb88
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by K. Johnson, National Security Council

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"No Date"
Exh. 4 4/27/87 [illegible]

CUARTEL [illegible] GENERAL FUERZA DEMOCRATICA NICARAGUENSE

EL COMANDO ESTRATEGICO DE LA F.D.N. INFORMA AL PUEBLO NICARAGUENSE Y A LA OPINION PUBLICA INTERNACIONAL.

1.- LAS FUERZAS COMBINADAS F.D.N. EN OPERACION CANGREJO DESARTICULO A LA BRIGADA MOVIL 61 DE LA 4TA REGION MILITAR CON ASIENTO EN LA CIUDAD DE DIRIAMBA DEPARTAMENTO DE CARAZO Y COMANDADA POR EL CAPITAN WILFREDO MONTALVAN ORIGINARIO DE MASATEPE. DICHA BRIGADA ESTABA REFORZADA POR UNIDADES BLI RUFO MARIN; 2 COMPAÑIAS DEL BATALLON 36-32 MAS APOYO DE ARTILLERIA Y AVIACION.

2.- DICHA OPERACION SE REALIZO ENTRE LOS DIAS COMPRENDIDOS DEL 10 AL 5 DE MARZO DE 1986 EN EL VALLE DEL ROSARIO JURIDICCION DE MURRA DEPARTAMENTO DE NUEVA SEGOVIA. CAUSANDOLE AL ENEMIGO 288 MUERTOS Y UNA CANTIDAD SUPERIOR DE HERIDOS, CAPTURANDOLES LOS SIGUIENTES PERTRECHOS DE GUERRA.

58	FUSILES AK-47
3	FUSILES SUPER AK-47
108,000	CARTUCHOS DE AK-47
95	CARGADORES DE AK-47
4	LANZACOHETES RPG-7
2	MORTEROS DE 82 MM
196	GRANADAS DE MORTEROS DE 82MM
280	PONCHOS DE LLUVIA
66	HAMACAS
180	MOCHILAS
30	PARES DE BOTAS
31	MINAS ANTIPERSONALES
3	GONIOMETROS DE 82 MM
1	BINOCULARES
140	UNIFORMES
50	FAJAS
20	CANTIMPLORAS

Y DESTRUYENDOLES 5 MORTEROS DE 120 MM CON 200 GRANADAS PARA EL MISMO.

3.- EN DICHA OPERACION LAMENTAMOS LAS MUERTES DE 19 COMANDOS DE LA LIBERTAD Y 28 HERIDOS

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N/C Date
Exh. 5
4/27/87 [illegible]

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~~The Ge~~neral-General Force Democratic Nicaraguian

The Strategic Command of the FDN informs the Nicaraguan people and the international public opion.

1. that combined forces of the FDN in Operation " Cangredo Desarticulo" ~~of H~~ by the 61 Mobil Brigade of the 4th Military Region ~~[illegible] [illegible]~~ headquarters in the town of ~~Dora~~ Diriamda, Department of "Carazo' and commanded by Captain Wilfredo Montalvan, orginally from Nasatepe. This Brigade was reinforced by units of the Red Sea (Navy); 2 Companies of Batallion 36-32 more support of Artillery and Aviation.

2. This operation commenced the day of Understanding of 18th through the 5th of March, 1985 in the Valley of the Rosary (Backbone) boundary "Bemurra", Department (State) of Nueva Segovia, causing to the enemy 288 deaths and a larger number of wounded, Capturing "Randoles" the following war supplies

68	AK-47 Rifles
3	AK-47 Super Rifles
108,000	AK-47 Rounds
95	AK-47 Loaders
4	RPG-7 Launchers
2	82MM Mortars
195	82 mm Mortar Grenades
280	Raincoats
65	Hammocks
180	Knapsacks
30	Pairs of boots
31	Anti-personnel mines
3	82mm angle measuring tools
1	Binoculars
146	Uniforms
50	"Fajas"
20	Siphons – Vessels for cooling liquor ~~liquid~~ – cases of liquor "Cantimploras"

and destroying 5 120mm Mortars w/200 ~~g~~ Rounds for each

3. ~~In~~ ~~[illegible]~~ this operation "We Mourn ~~[illegible]~~" the death of 19 freedom fighters and 25 wounded.

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CFA Call For Action
CITIZENS FOR AMERICA

Exh. 6
4/27/87

Dear CFA Activist,

President Reagan needs our help to convince Congress to support the Freedom Fighters in Nicaragua.

If Congress refuses to send the Freedom Fighters the $14 million of support that President Reagan has requested, we will send the world the signal that Nicaragua and eventually all Central America will fall into the Soviet/Cuban empire.

To support the President and democracy and freedom in Central America we must convince Congress to vote for aid to the Freedom Fighters.

Please take the following action:

1. Call your Congressman and urge him/her to support aid to the Freedom Fighters.

2. Generate as many phone calls from your district as possible into the Washington and/or district office of your Congressman. (I have attached a list of phone numbers for wavering Congressmen.) If your Congressman is not on the list, you can get the number by calling the Capitol Hill operator at 202/224-3121 and asking for your Congressman by name.

3. You can send a mailgram to your Congressman for only $4.00 by calling the toll free Western Union number 1-800-325-6000 and asking for operator 99. Western Union will then send your Congressman a personal mailgram stating your support for the Nicaraguan Freedom Fighters and urging that your Congressman vote for President Reagan's request for aid.

4. The enclosed fact sheet on the Nicaraguan Freedom Fighters can be used to write letters to the editor and op-ed articles for your area newspapers.

5. CFA is bringing 23 Central American leaders to the United States from April 8 to April 17. Your congressional district chairman will be in touch with you if one of the Central Americans is targeted to visit your area. (Schedule enclosed).

REMEMBER, WE MUST ACT NOW, THE VOTE ON NICARAGUA'S FREEDOM IS APRIL 17.

Sincerely,

Grover Norquist

Grover Norquist
National Field Director

[illegible]

THE REALITY REPORT

THE FACTS ABOUT AID TO THE NICARAGUAN FREEDOM FIGHTERS

> " . . . the free people of El Salvador, Honduras and, yes of Nicaragua ask for our help. There are over 15,000 freedom fighters struggling for liberty and democracy in Nicaragua and helping to stem subversion in El Salvador. They're fighting for an end to tyranny and its only reliable product: cruelty. They are our brothers. How can we ignore them? How can we refuse them assistance when we know that ultimately their fight is our fight? We must remember that if the Sandinistas are not stopped now, they will, as they have sworn, attempt to spread communism to El Salvador, Costa Rica, Honduras and elsewhere."
>
> President Ronald Reagan
> Radio Address to the Nation
> February 16, 1985

I. LAST OCTOBER, CONGRESS APPROPRIATED $14 MILLION FOR AID TO THE NICARAGUAN FREEDOM FIGHTERS, BUT SET THE FUNDS ASIDE UNTIL BOTH HOUSES OF CONGRESS APPROVE A JOINT RESOLUTION FREEING THE MONEY. THE CONGRESS IS SET TO VOTE ON THIS IN MID-APRIL.

A. President Reagan is asking Congress to aid the Freedom Fighters in the battle against communism and for human rights. President Reagan has made a commitment to help bring "genuine democratic pluralism" to Nicaragua, with a free press, unrestricted campaigning by the domestic political opposition, and U.S.-style elections which are open to anyone. Nicaraguan hopes for democracy have been betrayed by the Sandinistas.

B. In June 1979, the Sandinistas, not yet in power, promised the Organization of American States (OAS) to establish a democratic, nonaligned regime with a mixed economy. Based on this promise, the United States cosponsored an OAS resolution calling for the replacement of the Somoza regime. Within a week of coming to power, Cuba placed about 100 military and security personnel in Nicaragua.

C. The United States, within the first 18 months of the Sandinista regime, authorized some $118 million of bilateral economic assistance -- during this period the United States provided more assistance to Nicaragua than did any other nation. This $118 million was also more than the U.S. gave to all previous Nicaraguan governments combined.

- They are building a runway at a base outside Managua that is nearly 13,000 feet long.
- Nicaragua has received Soviet-built Mi-24 "Hind" assault helicopters like the kind used in Afghanistan; these are loaded with rockets and machine guns.
- The army has 120 armored cars and personnel carriers, 90 large guns and howitzers, 12 multiple rocket launchers, 60-70 mortars, and 48 anti-aircraft guns.
- The air force has 12 combat aircraft, 7 transport aircraft, 4 helicopters, 150 guns, and on-order, Soviet MiG-21 fighters and 100 French air-to-surface missiles.

III. AS THE GRIP OF THE SANDINISTAS HAS BECOME TIGHTER, THE QUALITY OF LIFE IS DIMINISHED DRASTICALLY AND BASIC FREEDOMS HAVE BEEN DENIED INCREASINGLY.

A. The domestic policies of the Sandinistas have diminished the quality of life in Nicaragua.

- Under the Sandinistas, real wages fell 71 percent from July 1979 until December 1981 -- and the economic situation has further deteriorated since then.
- A large portion of the peasantry now produce food for themselves; resulting shortages have driven up prices dramatically, making necessities such as rice, beans, and milk difficult to find and even more difficult to buy at Nicaragua's highly inflated prices.
- Such shortages of basic necessities have created an active and flourishing black market.
- Many Nicaraguans now suffer from malnutrition, where formerly, even the poor enjoyed chicken and beef on a regular basis.

B. Nicaraguans have been denied their basic freedoms by the oppressive government of the Sandinistas.

- There is active press censorship, which is particularly strong against the major opposition daily, *La Prensa*. Pedro Joaquin Chamorro, former editor of *La Prensa*, charges that the Sandinistas have imposed "the most terrible censorship in the history of Latin American dictatorships."
- The November 1984 election in Nicaragua represented the unfulfilled promise of free elections by the Sandinistas; the people are

- In 1982, the Sandinistas closed the Moravian Biblical Institute in Bluefields, which had been the Moravian Church's sole seminary in Nicaragua.

- In October 1983, Sandinista mobs attacked 20 Catholic churches in Managua, interrupting services and breaking windows. These mobs occupied at least three of the churches, vandalized property of parishioners, and struck at least one priest.

- In 1983, two Sandinista military officials attended the synod of the Nicaraguan Moravian Church, to which a majority of the Miskito Indians belong, and warned delegates to the synod not to elect certain pastors to the Church's provincial board.

- Ten Moravian pastors, who had been detained for two years without a trial, were not released until 1983.

- The Sandinistas staged a vulgar demonstration during the Pope's visit to Managua in 1983 by playing pre-recorded tapes of crowds chanting pro-Sandinista slogans into the sound system in an attempt to interrupt the pontiff's sermon.

V. SANDINISTA ATROCITIES:

- Osorno Coleman, a Miskito Indian and commander of about 200 Freedom Fighters in Nicaragua, said that on January 14th a Soviet-made Mi-24 assault helicopter was used by government troops to spray poison gas on the town of Howlover.

- Martha Murillo, a nine-year-old from Nicaragua, told of the killing of her family by Sandinista soldiers. Shot in the leg by the Sandinista soldiers, she was able to reach her uncle and began to leave the country; before she could escape, her uncle was killed and she was bayonetted in the neck. Finally, left for dead, she was able to escape.

- One-half of the Sumo and Miskito Indian villages have been destroyed since the Sandinistas took power.

- The Sandinistas have succeeded in driving the entire Jewish community into exile.

- Since 1979, 60,000 refugees have entered our country from Nicaragua.

- If the Marxist-Leninist Sandinistas are allowed to consolidate

SCRIPT FOR CALLING MEMBERS OF CONGRESS

*** Your call to your Congressman can make the difference on the upcoming vote in the House on aid to the Freedom Fighters of Nicaragua. The vote is presently scheduled for April 17th -- please act now and return the accompanying response form.

CALLER: My name is ________________, and I'm one of Congressman ___________________'s constituents from ______________. I'd like to speak to her/him regarding the upcoming vote on aid to the Nicaraguan Freedom Fighters.

RECEPTIONIST: Congressman ________________ is not in.

CALLER: (Speaking to Receptionist)
May I please speak to the Legislative Assistant on this issue?

(Speaking to Legislative Assistant)
Does Congressman _________________ support aid to the Freedom Fighters of Nicaragua?

RESPONSE: IF NO: I feel very strongly that Congressman _____________ should re-evaluate his position. The Freedom Fighters are striving to free Nicaragua from communism and to establish a democratic government, based on same principles that our Founding Fathers embraced. I hope the Congressman will change her/his mind before the vote in April, but if not, I hope you will send me a letter explaining the Congressman's stand on this issue.

IF UNDECIDED: I hope Congressman ______________ will support giving aid to the Freedom Fighters. It is very important for the United States to support the efforts of those who fight for democracy and a better way of life in Nicaragua and throughout the world. Please write me as soon as the Congressman takes a stand on this issue.

(IF UNDECIDED -- Be sure to call again before the April 17th vote to check and potentially influence the Congressman's position.)

IF YES: I'm glad my representative realizes the importance of aiding the Freedom Fighters efforts and will continue to support the vital foreign assistance program's of the Reagan Administration.

So we can tell the White House which Congressmen are supporting aid to the Nicaraguan Freedom Fighters, please return the following form as soon as possible to: CITIZENS FOR AMERICA, 214 Massachusetts Avenue, NE, Suite 320, Washington, DC 20002.

Your name: ______________________________

Address: ____

Congressman: _________________ FOR ____ AGAINST ____ UNDECIDED ____

TARGET LIST FOR 1985 NICARAGUAN VOTE

ARIZONA
Congressman Bob Stump (3-R)
D.C. Office 225-4576
District 602-261 6923 Phoenix

Morris K. Udall (2-D)
D.C. Office 225-4065
District Office 602 261 3018 Phoenix
602 629 6404 Tucson

ARKANSAS
Congressman Tommy Robinson (2-D)
D.C. Office 225-2506
District 501 378 5941 Little Rock
501 269 4287 Searcy

Congressman Bill Alexander (1-D)
D.C. Office 225-4076
District 501 678 1761 Batesville
501 633 5226 Forrest City
501 972 4600 Jonesboro

Congressman Beryl Anthony (4-D)
D.C. Office 225-3772
District 501 863 0121 El Dorado
501 624 1011 Hot Springs

CALIFORNIA
Congressman Eugene Chappie (2-R)
D.C. Office 225-3076
District Office 916 893 8363 Chico

Congressman Ed Zschau (12-R)
D.C. Office 225-5411
District 408 730 8555 Sunnyvale

Congressman Charles Pashayan (17-R)
D.C. Office 225-3341
District Office 805 725 7371 Delano
209 487 5500 Fresno

Congressman Daniel Lungren (42-R)
D.C. Office 225-2415
District 213 436 9133 Longbeach

Congressman Bobbi Fiedler (21-R)
D.C. Office 225-5811
District 213 341 2121 Devonshire
805 496 4700 Thousand Oaks

Congressman Jerry Lewis (35-R)
D.C. Office 225-5861
District 714 862 6030 Redlands

COLORADO
Congressman Mike Strang (3-R)
D.C. Office 225-4761
District 303 242 2400 G.J.

CONNECTICUT
Congressman John Rowland (5-R)
D.C. Office 225-3822
District 203 573 1418 Waterbury

Congressman Stewart McKinney (4-R)
D.C. Office 225-5541
District 203 579 5870 Bridegport
203 357 8277 Stamford

DELAWARE
Congressman Tom Carper (AL-D)
D.C. Office 225-4165
District 302 736 1666 Dover
302 5736181 Wilmington

FLORIDA
Congressman Charles Bennett (3-D)
D.C. Office 225-2501
District 904 791 2587 Jacksonville

Congressman Sam Gibbons (7-D)
D.C. Office 225-3376
District 813 228 2101 Tampa

Congressman Larry Smith (16-D)
D.C. Office 225-7931
District 305 987 6484 Hollywood

GEORGIA
Congressman Pat Swindall (4-R)
D.C. Office 225-4272
District 404 373 3509 Decatur

Charles Hatcher (2-D)
D.C. Office 225-3631
District 912 439 8067 Albany

Congressman Wyche Fowler (5-D)
D.C. Office 225-3801
District 404 688 8207 Atlanta

IDAHO
Congressman Richard Stallings (3-R)
D.C. Office 225-5531
District 208 334 1953 Boise
208 236 6734 Pocatella

INDIANA
Congressman Peter Visclosky (1-D)
D.C. Office 225-2461
District 219 884 1177

MICHIGAN con't

Congressman Paul Henry (5-R)
D.C. Office 225 3831
District 616 451 8383 Grand Rapids

Congressman Bob Traxler (8-D)
D.C. Office 225-2806
District 517 894 2906 Bay City
517 753 6444 Saginaw

MISSISSIPPI

Congressman Jamie Whitten (1-D)
D.C. Office 225 4306
District 601 647 2413 Charleston
601 844 5437 Tupelo

MISSOURI

Congressman Robert Young (2-D)
D.C. Office 225 2561
District 314 425 7200 St. Ann
314 965 8800 Des Peres

Congressman Richard Gephardt (3-D)
D.C. Office 225 2671
District 314 631 9959 St. Louis
816 789 3537 Hillsboro

Congressman Harold Volkmer (9-D)
D.C. Office 225 2956
District 314 449 5111 Columbia
816 385 5615 Macon

NEVADA

Congressman Harry Reid (1-D)
D.C. Office 225 5965
District 702 388 6545 Las Vegas

NEW HAMPSHIRE

Congressman Robert Smith (1-R)
D.C. Office 225 5456
District 603 644 3387 Manchester
603 431 3636 Portsmouth
603 569 4993 Wolfeboro

NEW JERSEY

Congressman Dean Gallo (11-R)
D.C. Office 225 5034
District 201 328 7413 Dover

Congressman Jim Saxton (13-R)
D.C. Office 225 4765
District 609 261 5800 Mt. Holly

Congressman Marge Roukema (5-R)
D.C. Office 225 4465
District 201 579 3039 Newton
201 447 3900 Ridgewood

Congressman William Hughes (2-D)
D.C. Office 225 6572
District 609 645 7957 Northfield

NEW MEXICO

Congressman Bill Richardson (3-D)
D.C. Office 225 6190
District 505 988 6177 Sante Fe
505 425 7270 Las Vegas
505 722 6522 Gallup

NEW YORK

Congressman Thomas Manton (9-D)
D.C. Office 225 3965
District 718 706 1400 Sunnyside

Congressman Joseph DioGuardi (20-R)
D.C. Office 225 6506
District

Congressman John La Falce (32-D)
D.C. Office 225 3231
District 716 846 4056 Buffalo
716 284 9976 Niagara Falls
716 263 6424 Rochester

Congressman Hamilton Fish (21-R)
D.C. Office 225 5441
District 914 225 5200 Carmel
914 452 4220 Poughkeepsie

Congressman Sherwood Boehlert (25-R)
D.C. Office 225 3665
District 315 793 8146 Utica

Congressman Mario Biaggi (19-D)
D.C. Office 225 2464
District 212 931 0100 Bronx
914 375 0500 Yonkers

Congressman Matthew McHugh (28-D)
D.C. Office 225 6335
District 607 773 2768 Binghamton
607 273 1388 Ithaca
914 331 4466 Kingston

Congressman Frank Horton (29-R)
D.C. Office 225 4916
District 315 255 1125 Auburn

NORTH CAROLINA

Congressman Charles Whitley (3-D)
D.C. Office 225 3415
District 919 736 1844 Goldsboro

Congressman Stephen Neal (5-D)
D.C. Office 225 2071
District 919 761 3125 Winston-Salem

Congressman Bill Hefner (8-D)
D.C. Office 225 3715
District 704 786 1612 Concord
919 997 2070 Rockingham
704 636 0635 Salisbury

UTAH
Congressman David Monson (2-D)
D.C. Office 225 3011
District 801 524 4394 Salt Lake

VERMONT
Congressman James Jeffords (AL-R)
D.C. Office 225 4115
District 802 223 5273 Montpelier
802 773 3875 Rutland
802 951 6732 Winooski

VIRGINIA
Congressman James Olin (6-D)
D.C. Office 225 5431
District 703 982 4672 Roanoke
804 845 6546 Lynchburg

Congressman Frederick Boucher (9-D)
D.C. Office 225 3861
District 703 628 1145 Abingdon
703 980 4310 Pulaski

WASHINGTON
Congressman John Miller (1-R)
D.C. Office 225 6311
District 206 442 4220 Seattle

Congressman Rodney Chandler (8-R)
D.C. Office 225 7761
District 206 442 0116 Bellevue

Congressman Don Bonker (3-D)
D.C. Office 225 3536
District 206 636 5260 Longview
206 753 9528 Olympia
206 696 7942 Vancouver

Congressman Thomas Foley (5-D)
D.C. Office 225 2006
District 509 456 4680 Spokane
509 522 6370 Walla Walla

Congressman Norman Dicks (6-D)
D.C. Office 225 5916
District 206 479 4011 Bremerton
206 593 6536 Tacoma

WEST VIRGINIA
Congressman Allan Mollohan (1-D)
D.C. Office 225 4172
District 304 623 4422 Clarksburg
304 232 5390 Wheeling

WISCONSIN
Congressman Steve Gunderson (3-R)
D.C. Office 225 5506
District 715 284 7431 Black River

Congressman Les Aspin (1-D)
D.C. Office 225 3031
District 608 752 9074 Janesville
414 632 4446 Racine

HAWAII
Congressman Cecil Heftel (1-D)
D.C. Office 225 2726
District 808 546 8997 Honolulu

IF YOUR CONGRESSMAN IS NOT ON
THIS LIST CALL 202/224-3121--
THE CONGRESSIONAL SWITCHBOARD--
AND ASK TO SPEAK TO YOUR
CONGRESSMAN'S OFFICE IN WASHINGTON

PRELIMINARY EDULE
FOR CENTRAL AMERICANS TOURING THE NATION

DATE	REGION I & II NORTHEASTERN	REGION III SOUTHERN	REGION IV NORTH CENTRAL	REGION V SOUTHWESTERN	REGION VI MIDWEST	REGION VII ROCKY MOUNT	REGION VI WESTERN
4/9	Boston, MA. Wilmington, DE. Roanoke, VA.	Norfolk, N.C. Elizabeth City, NC. Greenville/ Fayetteville N.C. West Palm Beach, FL. Ft. Lauderdale, FL. Jacksonville, FL.	NYC, NY. Detroit, MI. Cleveland, OH.	Dallas, TX. Ft. Worth, TX. Chattanooga, TN. Memphis, TN.	St. Louis, MO. Milwaukee, WI. Chicago, IL. Memphis, TN.	Seattle, WA. Ok. City, OK. Tulsa, OK.	Los Angele CA.
4/10	Springfield, MA. Worcester, MA. Hartford, CT. Providence, RI. Baltimore, MD. Wilkes Barre, PA. Lancaster, PA. Lexington, KY. Lynchburg/Richmond, VA.	Raleigh, N.C. Winston Salem, NC. Jacksonville, FL.	Westchester, NY. Long Island, NY. Detroit, MI. Cleveland, OH.	San Antonio, TX. Austin, TX. Nashville, TN. Murfreesboro TN Little Rock AR. Pine Bluff AR.	St. Louis, MO. Madisom, WI. Chicago, IL. Little Rock, AR.	Tacoma, WA. Ok. City, OK. Albuquerque NM.	Phoenix, AZ.
4/11	New Haven, CT. Newark, NJ. Manchester, NH. Portland, ME. Virginia Beach, VA. Pittsburgh, PA. District of Col.	Greenville, S.C. Columbia, S.C. Aiken S.C. Anderson S.C. Tampa, FL. Clearwater, FL.	Albany, NY. Midland, MI. Columbus, OH.	Houston, TX. El Paso, TX. Baton Rouge, LA. Shreveport, LA.	St. Louis, MO. LaCrosse, WI. Chicago Area Little Rock, AK.	Olympia, WA. Salt Lake, UT	Phoenix, AZ.
4/12	Trenton, NJ. Burlington, VT. Annapolis, MD. Erie, Altoona PA Louisville, KY. Charleston, WVA.	Sumter, S.C. Florence, S.C. Rock Hill S.C. Charlotte, N.C. Atlanta, GA. Miami, FL.	Albany, NY. Buffalo, NY. Cincinnati, OH. Lansing, MI.	Corpus Christi Tyler, TX. Midland, TX. Odessa, TX. New Orleans LA Longview, TX.	Des Moines IA La Crosse WI. Chicago Area Fayetteville AR. Texarkana, AR.	Olympia Area Denver, CO.	Tuscon, AZ.
4/13	District of Columbia Philadelphia, PA.	Miami, FL.		Houston, TX. New Orleans, LA. Dallas, TX.	Des Moines, IA La Crosse, IA. Chicago Area	Spokane WA. Boulder, CO.	Redding, CA.
4/14	Philadelphia, PA.			Houston, TX. New Orleans, LA. Dallas, TY.	Des Moines, IA. Chicago Area	Colorado Springs CO.	

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THIS IS AN OFFICIAL
STATE DEPARTMENT
PUBLICATION. I BELIEVE
IT HAS THE INFORMATION
YOU NEED.

FEEL FREE TO CALL
FOR MORE.
1-800-CFA-8686
— JIM LUCIER

RESOURCE PAPER

Phil [illegible]

GROUPS OF THE NICARAGUAN DEMOCRATIC RESISTANCE:

WHO ARE THEY?

[redacted] Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5592

APRIL 1985

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The Department of State has prepared this resource book on the Nicaraguan democratic opposition in response to requests from members of Congress, the press, and concerned citizens. Its purpose is to provide brief information on the principal opposition groups and their top leaders.

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GROUPS OF THE NICARAGUAN DEMOCRATIC RESISTANCE: WHO ARE THEY?

The Sandinista government of Nicaragua came to power in 1979, promising respect for pluralism and human rights, a non-aligned foreign policy and a mixed economy. The Marxist-Leninist leaders of the Sandinista National Liberation Front (FSLN) have consistently failed to honor these pledges made to the Organization of American States and the Nicaraguan people. They systematically pushed aside the democratic members of the broad-based coalition that overthrew Somoza. They have shipped arms, ammunition and other supplies to the Salvadoran guerrillas, and operated bases for training leftists from El Salvador, Honduras and other countries in guerrilla warfare, sabotage and terrorism. The Sandinistas are cooperating with the Soviet Union and Cuba in carrying out their expansionist policies in Central America. (See the joint Department of State/Department of Defense paper The Soviet-Cuban Connection in Central America and the Caribbean, March, 1985.)

Between 1979 and 1981, the United States authorized $118 million in economic assistance and sought friendly relations with the Nicaraguan government, at the same time through quiet diplomacy expressing concern about the Sandinistas' aggressive acts against Nicaragua's neighbors. It became clear to democratic Nicaraguan groups that the Sandinistas would not alter their behavior unless pressured from within and without.

As a result of Sandinista repression and growing ties to communist countries, opposition developed, made up in part of persons who had been Sandinista supporters, even some who had been members of the post-revolutionary government, such as Alfonso Robelo, Arturo Cruz, Alfredo Cesar and Eden Pastora, the legendary "Commander Zero." The Sandinistas' opponents are indigenous Nicaraguans fighting for their cause. They are, as President Reagan said on February 11, "the people of Nicaragua who have been betrayed in the revolution that they themselves supported."

There is, however, an obvious congruence between United States objectives and those of many of the anti-Sandinistas. United States objectives are clear:

--the reduction of Nicaragua's greatly expanded military apparatus to restore military equilibrium among the Central American nations;

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--the removal of Soviet and Cuban military personnel and termination of their military and security involvement in Nicaragua;

--the termination of Nicaraguan support for subversion in neighboring countries; and

--the implementation of the Sandinistas' commitments to the OAS.

The Sandinistas are waging an intensive propaganda campaign to paint the opposition as henchmen of the former dictator Anastasio Somoza. But the facts show that nearly all of the opposition leaders opposed Somoza. This campaign, focused primarily on the Fuerza Democratica Nicaraguense (Nicaraguan Democratic Force or FDN) which has a number of former National Guard officers in its membership, tries to equate former service in the National Guard with being a Somocista. But even if that questionable assumption were accepted, the number of former guardsmen in the FDN is relatively small. FDN records indicate that less than 2% of its members were guardsmen as compared to about 20% who are former Sandinistas.

Several groups of the armed and unarmed opposition met in San Jose, Costa Rica and formed a coalition called the Nicaraguan Resistance. On March 2, 1985, they issued a document calling for a national dialogue with the Sandinistas under the sponsorship of the Episcopal Conference of the Nicaraguan Catholic Church. In addition to the dialogue, they called for:

--a cease-fire in place;

--lifting of the state of emergency;

--Amnesty for political prisoners (approximately 3,500);

--granting the rights of habeus corpus and asylum;

--a guarantee of protection for participants in the dialogue.

The National Resistance offered to recognize Daniel Ortega as President pending a plebiscite. They called for the presence of guarantors from other Central American countries to oversee the proposed dialogue and invited other interested nations and groups to send observers. The opposition seeks only the right to participate in a free and open election and does not demand in advance, as do the Salvadoran leftist guerrillas, a place in the government.

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Within the recently formed Nicaraguan Resistance are the Fuerza Democratica Nicaraguense, (Nicaraguan Democratic Force, or FDN), the Alianza Revolucionaria Democratica (Democratic Revolutionary Alliance, or ARDE), and MISURA (Miskito, Sumo and Rama), as well as smaller or less well-known groups. MISURASATA (Sumo, Rama and Sandinista Unity), the Frente Revolucionario Sandino (Sandino Revolutionary Front, or FRS), and others, although not signatories of the San Jose document, are also fighting to force the Sandinistas to return to the original goals of the anti-Somoza revolution.

The following descriptions of the principal opposition groups and their top leadership should help to set in perspective the real nature of the opposition to the Sandinistas and act as a counterbalance to the misinformation being spread by them. We have included brief biographies of all the members of the FDN Directorate and the principal leaders of the other opposition groups.

GROUPS OF THE DEMOCRATIC OPPOSITION

The Nicaraguan Resistance

The Nicaraguan Democratic Force or Fuerza Democratica Nicaraguense (FDN)

The FDN, the largest of the armed opposition organizations, was founded in 1982. Although originally composed primarily of former guardsmen, as a focal point for armed resistance to the Sandinistas it quickly attracted many others who had become disaffected with the FSLN (Frente Sandinista de Liberacion Nacional). The influx of members led to a transformation of the FDN into a broadly based organization drawn from all sectors of Nicaraguan society.

The FDN's policy-making Directorate, reorganized in 1983, is composed of six persons. Five are civilians who were long-time opponents of Somoza; the other member is a former National Guard colonel, Enrique Bermudez, who heads the military general staff. They are responsible for making and carrying out all FDN policy.

The FDN reports that in 1982 a number of former Somoza National Guardsmen with records of human rights violations were expelled. Since that time, three FDN military leaders who had committed gross human rights violations were tried, found guilty and executed under the leadership of the Directorate. A written policy requiring respect for human rights and good conduct is stressed constantly during the training and operations of the FDN soldiers.

The executive committee of the FDN directorate responsible for military affairs is the Civil-Military Command (CMC). The CMC's three members are civilians Adolfo Calero and Indalecio Rodriguez, both Somoza opponents, and Colonel Enrique Bermudez. The FDN's Civil-Military Command controls all finances. Reporting to the CMC are the secretariat, finance officer, logistics center, communications center, strategic command and the medical center.

As noted above, the military general staff of the FDN is headed by Enrique Bermudez. In addition, several other former National Guard officers serve in key staff positions. However, the FDN reports that its overall military leadership, including the general staff and regional and task force commanders, has a greater number of former Sandinistas than National Guardsmen.

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Category	Per Cent
Former Sandinistas	43
Former National Guard	32
Campesinos (small farmers)	19
Other	6

Of the 56 regional and task force commanders in the FDN responsible for day-to-day operations, the FDN reports that 27 were former Sandinistas; 13 were National Guardsmen, none above the rank of lieutenant; and 12 were farmers. The remainder include a medical doctor, an evangelical minister, a fourth-year university student and a civilian radio technician. The overwhelming number of the reported 15,000 FDN troops are peasants, workers, shopkeepers, businessmen and others with no previous ties to Somoza.

The Democratic Revolutionary Alliance or Alianza Revolucionaria Democratica (ARDE)

The San Jose, Costa Rica based ARDE is a coalition of organizations created in 1982 by individuals who were active during the revolution, including many who were initially officials in the Sandinista government. From its beginning, its leaders sought to restore the original course of the revolution through political means. In the spring of 1983, after peaceful efforts had proved futile, ARDE began military operations in southern Nicaragua. There have been internal disagreements among various ARDE leaders. In 1984, Eden Pastora, leader of the military arm, was expelled by other members of the ARDE coalition. There continues to be a dispute over which faction can legitimately claim the ARDE name, with both sides doing so. Pastora has retained the loyalty of most ARDE troops and continues military operations in southern Nicaragua. The political head of ARDE, Alfonso Robelo, was a principal organizer of the Nicaraguan Resistance.

Current groups in the Robelo-led ARDE coalition are:

Nicaraguan Democratic Movement, or Movimiento Democratico Nicaraguense (MDN)

The MDN is a social-democratic party founded in 1978. It drew its support from lower and middle class Nicaraguans, including many peasants, and it played an active role in the revolution which overthrew Somoza. Its leader, Alfonso Robelo, was an original member of the ruling revolutionary junta. He resigned in protest over Sandinista efforts to create a communist state. Subjected to extraordinary harassment by the Sandinistas, Robelo went into exile in Costa Rica in 1982.

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Nicaraguan Democratic Unity/Nicaraguan Revolutionary Armed Force, or Unidad Democratica Nicaraguense/Fuerza Armada Revolucionaria Nicaraguense (UDN/FARN)

UDN/FARN is a political/military organization founded by veteran anti-Somoza fighter Fernando "El Negro" Chamorro. UDN/FARN was one of the original founders of ARDE, but pulled out in 1983 in a policy dispute. In the spring of 1984 those differences were overcome and UDN/FARN rejoined the coalition. Chamorro was one of the signers of the Nicaraguan Resistance document.

MISURA

MISURA is an armed group that evolved out of an Atlantic Coast Indian organization ALPROMISO, founded in 1973 with the help of protestant churches in that region, and its successor group MISURASATA. Former supporters of the Sandinista revolution, Miskito Indians Wycliffe Diego and Steadman Fagoth, founded MISURA in 1983. Its military operations are carried out in northeastern Nicaragua.

Nicaraguan Democratic Solidarity, or Solidaridad de Trabajadores Democraticos Nicaraguense. (STDN)

STDN was founded in 1983 by two Nicaraguan labor leaders who had been forced into exile as a result of Sandinista persecution of the independent labor movement in Nicaragua. The founders had long been opponents of Somoza; one of them, Zacarias Hernandez, was a signer of the Nicaraguan Resistance document.

INDEPENDENT RESISTANCE ORGANIZATIONS

Sandino Revolutionary Front, or Frente Revolucionario Sandino (FRS)

The FRS was created in 1982 by disillusioned Sandinista militants, many of whom had fought on the southern front against Somoza in 1979. The FRS was a founding member of ARDE, but later its ties were severed . Its leader, Eden Pastora, has steadfastly refused to align himself or his organization with any former National Guardsmen. Most of ARDE's combat troops remain loyal to Pastora. In September 1984 the FRS entered into a new understanding with ARDE. However, Pastora has not signed the Nicaraguan Resistance document.

Miskito, Sumo, Rama, and Sandinista Unity, or MISURASATA

MISURASATA evolved out of the Atlantic Coast Indian organization ALPROMISO. Following the fall of Somoza, ALPROMISO was renamed MISURASATA. By the end of 1981, Sandinista persecution and the forced relocation of many Indian communities prompted the beginning of a large scale exodus of Miskito Indians from Nicaragua, primarily to Honduras. The Nicaraguan government officially ordered MISURASATA disbanded, but members formed a fighting force to resist. It conducts military operations in southeastern and eastern Nicaragua. Divisions within the organization led to a split in 1982. Brooklyn Rivera heads the faction that retains the MISURASATA name. MISURASATA pulled out of ARDE in mid-1984 and was not a signer of the Nicaraguan Resistance document.

BIOGRAPHIC SKETCHES

Arturo CRUZ Porras

Mr. Cruz was a long-time member of the Democratic Conservative Party. He is an economist who holds graduate and undergraduate degrees from Georgetown University.

He was twice jailed by Somoza, once for 11 months and later for 3 months. In 1977, Cruz was chosen by the Sandinistas to be one of "The Group of 12" prominent Nicaraguans who would serve as a bridge between the Sandinistas and other groups in the civil opposition to Somoza. Following the revolution, Mr. Cruz served as president of the Central Bank in 1979-80, as a member of the Sandinista junta from May 1980 to March 1981, and as Nicaragua's ambassador to the United States from June to December 1981. He resigned that post in protest over the growing Marxist-Leninist totalitarian tendencies of the Sandinistas.

Mr. Cruz was the presidential candidate of the unified opposition in the election in November 1984. He refused to register his candidacy in protest over the ruling Sandinista government's refusal to permit a fair electoral contest, and the harassment by Sandinista controlled mobs of Mr. Cruz and other opposition candidates.

Alfredo CESAR Aguirre

Mr. Cesar holds a B.S. degree in industrial relations from the University of Texas and an M.B.A. from Stanford University. After serving as general administrator of the Nicaraguan Sugar Estates, he joined the Sandinistas in 1978 in the struggle to overthrow Somoza. He reported that he was tortured while imprisoned during that time. After the Sandinista victory in 1979, Cesar became Executive Director of the International Reconstruction Fund. During 1980-81 he was Executive Director of the Banking Superior Council. From 1981 to 1982 he was President of the Central Bank. After breaking with the Sandinistas and leaving Nicaragua, Cesar went into exile in Costa Rica and became an advisor specializing in external debt to the Costa Rican government.

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CALERO

THE DIRECTORATE OF THE FDN

Adolfo CALERO Portocarrero

A lifelong opponent of Somoza, Mr. Calero has been president of the National Directorate and Commander-in-Chief of the armed forces of the FDN since December 1983.

Mr. Calero graduated from the University of Notre Dame in 1953, did graduate work in industrial management at the University of Syracuse, and holds a law degree from the University of Central America in Nicaragua.

In the late 1950s, Mr. Calero became manager of the Coca-Cola Company of Nicaragua. He served as director of the Chamber of Commerce and was a member of Nicaragua's development organizations, INDE and FUNDE. He was a co-founder of the Human Development Institute. In the early 1970s he was dean of the faculty of economics and business administration at the University of Central America.

Mr. Calero began his political career in the 1950s. He became an activist in the Conservative Party and in 1959 he helped organize managerial strikes in support of an insurrection headed by Pedro Joaquin Chamorro, editor of the opposition daily La Prensa.

In 1970 Mr. Calero, offered a seat as an alternate in Congress as part of a pact between Fernando Aguero, head of the Conservative Party, and Somoza, refused. Mr. Calero joined with other conservatives and founded the Authentic Conservative Party.

In 1973, Mr. Calero served as his party's representative in the Broad Opposition Front (FAO), and along with other FAO leaders was jailed for initiating a general strike that shook the Somoza regime.

After the fall of Somoza, Mr. Calero attempted to cooperate with the Sandinistas in rebuilding Nicaragua, but by the end of 1982, having become totally disillusioned, he went into exile.

Enrique BERMUDEZ Varela

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Mr. Bermudez is the military commander of the FDN armed forces. He served in the National Guard under Somoza, but was cleared of "war crimes" by a representative of the Sandinista military in December 1982. He has described himself as a professional soldier and, under Somoza, apolitical. He is a graduate of the Nicaraguan Military Academy and received training at the U.S. Army Command and General Staff College and the U.S. Army School of the Americas. He also received

During the closing years of the Somoza regime when the most intense violence occurred, Bermudez served in Washington as defense attache.

Alfonso CALLEJAS Deshon

Mr. Callejas was trained as a civil engineer at the University of Santa Clara in California. After working for several years for the Standard Fruit Company, he founded his own business and eventually had interests in cattle, bananas, and cotton. He held various local and national offices in his capacity as an engineer and headed the National Office of Water Resources in the early 1960s. He served as Minister of Public Works and later was named Vice President of the republic under Somoza. He then became disenchanted with the Somoza regime, and in 1972 resigned his position in protest over Somoza's efforts to maintain himself in power. While still a member of Somoza's National Liberal Party (PLN), he led a group of dissidents who sought to restore genuine liberal values to the party. In 1973 he organized a grassroots PLN movement designed to force Somoza to resign. He spent the last months of the Somoza regime in exile in Honduras. Callejas returned to Nicaragua after the revolution only to have his properties confiscated by the Sandinistas. Again he went into exile and joined the FDN.

Indalecio RODRIGUEZ Alaniz

Dr. Rodriguez is a doctor of veterinary medicine who served as a professor and president of the University of Central America. The son of a prominent anti-Somoza figure, he became politically active at an early age. He participated in the anti-Somoza youth movement and became involved in the Independent Liberal Party (PLI). He was jailed twice in the 1950s for his anti-Somoza activities. After spending several years abroad, he returned to Nicaragua to accept a position at the University of Central America where he remained during the revolution. In 1931 he abandoned his university post to go into exile and take up the struggle against the Sandinistas.

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Lucia Cardenal Viuda de SALAZAR

Mrs. Cardenal Viuda de Salazar is the widow of a prominent Nicaraguan businessman, Jorge Salazar Arguello, who was murdered by the Sandinista security forces in November 1980. She was educated in Catholic schools in Nicaragua and the United States. During the revolution the Salazars collaborated with the Sandinistas and harbored Sandinista militants who were being sought by Somoza's forces. Her late husband, a top official of the private sector organization COSEP, played a key role in the civic opposition to Sandinista policies in 1980. A progressive leader whose popularity was rising, he was shot by Sandinista State Security police for allegedly participating in

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Marco A. ZELEDON

Mr. Zeledon was a prominent businessman who served as president of the Nicaraguan Chamber of Industry, as a member of the board of governors of the Central American Institute of Food Marketing, and on the Financial Committee of FUNDE. As a businessman he promoted the constructive interaction in the decision-making process of the private sector, the government, labor unions, and community organizations. He became increasingly active in anti-Somoza activities during the 1970s and participated in the private sector initiative to persuade Somoza to implement policies which would result in a more equitable distribution of wealth. Following the revolution, Zeledon went into exile after his cereal business was confiscated by the Sandinistas.

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ARDE LEADERS

Alfonso ROBELO Callejas

Mr. Robelo, political coordinator of ARDE and head of the MDN, was trained as a chemical engineer. He served as director of the University of Central America from 1970 to 1972 and was president of the Nicaraguan Chamber of Commerce until 1975. He then headed the development institute INDE. Following the assassination of La Prensa editor Pedro Chamorro, Robelo founded the Nicaraguan Democratic Movement (MDN), a political party of businessmen, industrialists, and professionals opposed to the Somoza regime. After the revolution Robelo was one of the original five members of the junta. He resigned in 1980 over the communist tendencies in the FSLN-dominated government. He complained also about the ever-growing Cuban influence in the new government. Harassed by the FSLN after his resignation, he was finally forced into exile in 1982, at which time he and Eden Pastora founded ARDE.

Fernando "El Negro" CHAMORRO Rappaccioli

Mr. Chamorro, leader of UDN/FARN and commander of ARDE's military forces, has been a prominent anti-Somoza figure since the 1940s. He participated in numerous military actions against the dictator and was repeatedly jailed or exiled by Somoza. During the revolution he executed a spectacular rocket attack on Somoza's Managua bunker from the nearby Intercontinental Hotel. In 1979 he fought on the southern front with the Sandinistas. The increasingly communist nature of the regime, and the absence of an effort to implement the democratic goals of the revolution, drove Chamorro into exile in 1982 at which time he joined in the founding of ARDE. When Pastora was expelled as a result of policy disputes within that organization, Chamorro became the military leader .

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SOME OTHER OPPOSITION LEADERS

Eden PASTORA Gomez

Mr. Pastora, the legendary Commander Zero and leader of the FRS (Sandino Revolutionary Front), was the Sandinista's most popular hero and a senior official of their government until he broke with them in 1982 and took up arms against his former colleagues. Pastora fought for years against Somoza; in August 1978 he led the unit that captured the National Palace in Managua. That operation gained the release of 59 political prisoners, but its lasting significance was that it captured the imagination of the Nicaraguan people and enabled the Sandinistas to become the symbol of resistance to Somoza. After serving first as Vice Minister of Interior and then as Vice Minister of Defense, Pastora became disgruntled by the radical policies implemented by the Sandinistas, and was particularly distressed by the presence in Nicaragua of thousands of Cubans. In April 1982 he denounced the Sandinista regime and went into exile to found the FRS. That same year he was a co-founder of ARDE. In April 1983 he took up arms against the Sandinistas in southern Nicaragua. After being expelled from ARDE in the spring of 1984, he later reached an understanding in which he and Robelo agreed to consult with one another.

Donald CASTILLO

Mr. Castillo was a labor leader and held important posts in the Social Christian labor confederation, the Nicaraguan Workers Central (CTN). A long-time opponent of Somoza, he supported the FSLN during the revolution. He became the CTN delegate to the quasi-legislative Council of State following the victory in 1979. He served as coordinator of a civic opposition group which held discussions with the FSLN in an unsuccessful effort to resolve national problems. Castillo subsequently went into exile and became a co-founder of STDN. He broke with that group, however, over the unity issue and joined Pastora's FRS.

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Jose DAVILA Membreno

Mr. Davila studied economics at the National Autonomous University and went on to advanced studies in economics and development in West Germany. Active in student politics, he later became a leader of the Social Christian Party, one of the principal groups opposed to Somoza. Following the revolution, Davila was a delegate to the Council of State. In 1982 he went into exile and founded an anti-Sandinista group called ANUDE. Davila later left ANUDE and has joined Pastora's FRS.

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Roberto FERREY

Mr. Ferrey, Secretary General of the FSDC (Christian Democratic Solidarity Front), studied law at the Autonomous University of Nicaragua and did graduate work at Southern Methodist University in Texas. He was a founder of the Youth Christian Democratic Front which was opposed to Somoza. In his law practice he specialized in labor cases and frequently represented unions affiliated with Christian-Democratic Latin American Workers Central (CLAT). Because of his involvement in strike actions, he was jailed several times by the Somoza regime. He became an important figure in the Social Christian Party. He went into exile in 1976 and from there continued to participate in the fight against Somoza. After the revolution he returned to Nicaragua and became a legal adviser to the Ministry of Justice. In July 1983 he resigned and went into exile in Costa Rica where he joined the FSDC.

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NICARAGUAN INDIAN LEADERS

Brooklyn RIVERA Bryan

Mr. Rivera is a Miskito Indian from the Nicaraguan Atlantic Coast. He initially supported the revolution against Somoza and was a founding member of MISURASATA when it was created under Sandinista auspices in 1979. In February 1981 Rivera and other Indian leaders were arrested by the Sandinistas and accused of "counter-revolutionary activities." He was released from jail after a short time and continued to protest Sandinista efforts to nationalize Indian lands and to relocate the Indian population. He resisted efforts to force the "cultural assimilation" of the various Indian groups by the Sandinistas. He was driven into exile and has carried on the fight against the Sandinistas. He is involved in an effort to negotiate an agreement with the Sandinista government over the future of Nicaragua's Indian population. He states he did not sign the Nicaraguan Resistance document because he did not wish to jeopardize that negotiating process.

Wycliffe DIEGO

Mr. Diego is a Miskito Indian leader from the Atlantic Coast town of Puerto Cabezas. He was a Moravian pastor and an active member of ALPROMISO. He was jailed by Somoza in 1971 for allegedly being a communist. When MISURASATA was formed in 1979, Diego served as a member of its executive board. Reacting to the Sandinista treatment of Nicaragua's indigenous population, Diego went into exile and helped found MISURA. He was wounded in a Sandinista-engineered 1982 assassination attempt.

Steadman FAGOTH Muller

Mr. Fagoth, a Miskito Indian leader, was a long-time opponent of Somoza. While a student at the National Autonomous University he was twice arrested for his political activities. Following the revolution he became a leader of MISURASATA and was that organization's first representative in the National Reconstruction Government's Council of State. Fagoth's increasingly outspoken criticism of the Sandinista treatment of his people led to his arrest in February 1981 for "counter-revolutionary activity." In May he was released on condition that he accept a long-term scholarship in a Soviet-bloc country. He fled to Honduras, however, where he joined other MISURASATA members in the fight against the Sandinistas. Fagoth, wounded in the same 1982 assassination attempt that injured Diego, later joined MISURA.

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A BRIEF LISTING OF SOME OF THE GROWING NUMBER OF FORMER SUPPORTERS OF THE SANDINISTAS NOW IN THE OPPOSITION RANKS

Jose CARDENAL--former Vice President of the Council of State.

Edgard MACIAS--anti-Somoza militant, head of the Popular Social Christian Party and former Vice Minister of Labor.

Pedro Joaquin CHAMORRO Jr.--son of the late La Prensa editor, and himself editor of that much censored opposition daily until his recent flight into exile in Costa Rica. He was a signer of the Nicaraguan Resistance document.

Jaime MONTEALEGRE--former Vice President of the Council of State.

Carlos CORONEL Kautz-former Minister of the Institute of Fisheries and a long-time Somoza opponent. Coronel signed the Nicaraguan Resistance document.

Miguel BOLANOS Hunter--former official of the Sandinista State Security Police.

Haraldo MONTEALEGRE--former Sandinista alternate governor of the World Bank.

Alvaro TABOADA--former Sandinista ambassador to Ecuador.

Francisco FIALLOS--former Sandinista ambassador to the United States.

Agustin ALFARO--former Sandinista consul general in New Orleans.

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Exh. 8
4/27/87 DHH

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	1-11-85	ACT	1000.
	4-10-85	[illegible]	20,000.
	4-30-85	ACT	2500.
	6-[illegible]-85.	Costa Rica	10,000.
6-6-85	[illegible]	NEPL	[illegible],000
9-20-85 Henry Bill 10-1-88	2-28-86	NEPL	30,[illegible]
7-23-86	9-30-86	NEPL	[illegible]
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under provisions of E.O. 12356
by K. Johnson, National Security Council

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AMERICAN CONSERVATIVE
TRUST

Exh 9
4/27/87 DZH

May 9, 1984

Y 0029

The President
The White House
Washington, D.C. 20500

My dear Mr. President:

Your speech tonight regarding American policy toward Latin America will be watched by scores of millions of Americans who support you, but who are confused by the conflicting reports they have received regarding the truth about our involvement and purposes.

As the President of the American Conservative Trust, a recently formed group dedicated in part to your reelection, I am very concerned about the lack of information coming from you and your foreign policy spokesmen regarding our goals in Central America. As I talk with people across America every day on the telephone, raising money for our cause, I hear scores of dedicated conservatives wondering where our policy is going in Central America.

I applaud your initiative tonight on the Central American problem, but urge you to make this first television presentation one in a series, the purpose of which will be to not only inform the American people, but indeed to use your unique position to educate them.

Ignorance of the growing threat to the United States originating in Latin America abounds in this country. Only a well reasoned, long-term series of speeches and follow-up policy briefings by you and your staff will begin to make a difference in public perceptions. I urge you to do this. I do not see your current policy in Latin America bringing success unless you permanently swing millions of Americans to your side.

Your policy toward Latin America deserves to be a success, and it is my personal belief that we should be intensifying our operations in that area. Furthermore, I am convinced that our adversaries understand clearly that we are dealing with our own national interests when we are dealing with the Western hemisphere. So I applaud and support your every effort to bring peace and stability to that area, as you brought it to Grenada.

But lest my enthusiasm for your goals obscure the need before us to educate the American people, it is crucial that we not underestimate the embarassing lack of knowledge currently demonstrated by significant sections of our populace regarding the growing crisis in Central America.

SUITE 210 305 4TH ST NE WASHINGTON DC 20002

So we hope you will consider an extended program of education for the American people led by yourself and your administration. Events in Latin America are going to get much rougher and bring much more tragedy before your goals are realized. You must carry the support of the American people with you through these difficult times to come. This cannot be accomplished without informing and educating them over a period of time.

On behalf of the Board of Directors of the American Conservative Trust,

Y 0030

Mr. and Mrs. James C. Calhoun
1107 Beech Road, Rosemont, Pennsylvania 19010;

Mr. and Mrs. John Franco
Kitchawan Road, Pound Ridge, New York 10576;

Mrs. St. John Garwood
1802 San Gabriel Street, Austin, Texas 78701;

Mr. and Mrs. John Ramsey
3510 Cranbrook Drive, Wichita Falls, Texas 76308; and

Mr. and Mrs. James H. Ware
1512 South Woodhaven, Baton Rouge, Louisiana 70815,

I wish you great success tonight in your efforts to begin to raise the understanding and sensitivity of the American people to the critical challenge that faces us now in our relations with nations of Central America.

Yours very truly,

Spitz Channell
President

cc: The Honorable James A. Baker III
The Honorable Edwin Meese III
The Honorable Edward J. Rollins
The Honorable Lee Atwater
Mr. and Mrs. James G. Calhoun
Mr. and Mrs. John D. Franco
Mrs. St. John Garwood
Mr. and Mrs. John W. Ramsey, Jr.
Mr. and Mrs. James H. Ware, Jr.

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Chapter 4, Footnote
Ex. #11
U36920

It's the largest best organized and most effective and it's the one that has the U.S. support for the longest period of time.

We're helping them now to coordinate their Washington activities. We've established an office for them. We've found people to do their congressional affairs for them on a gratis basis.

We're doing the media coordination for them and also the coordination of meetings as the circle goes out beyond just media & Congressional relations. Now into fund raising & administrative & Logistical things.

Who pays?

They do. And it's precious money to them when they're late on expenses as difficult as it may be you have to remind yourself that somebody died down there today. You can't really get mad.

Once they've left the country like that aren't they totally dependent on donations of one kind or another?

No, they really haven't left the country. the in a pocket [redacted] Which is disputed territory.

They go on missions that last 6 to 9 months.

Several of the fighters impressed upon me how much more comfortable they are in the field fighting. They siad they eat better, they sleep better. Their with their people. They're being given food & intelligence and a place to sleep and so on. they actually prefer to be in the field to the camp.

Although they have to go back to the camp for orientation, for instruct for R & R.

Do these people all have redios, so they know what's going on

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by National Security Council

UNCLASSIFIED (4273)

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There are [redacted] regional commands with from anywhere from [redacted] men. Each of those commands is in radio contact with headquarters.

H 36921

Is that command moving too?

Yes. They're moving also.

We figure now as many as [redacted] young men, and in some cases, older men, across the border, inside Nicaragua, waiting to come over, but there aren't weapons and boots for them.

The main thing I wanted to find out is what his needs really are, how his weapons are.

The second point is that the people in the camps are primarily there for R & R and for re-supply. the war is not a set-piece battle. It is an insurgency And, in fact, they have about [redacted] insurgents whereas the Sandanistas, when they won, only had about 3,500.

So even though they're so out-gunned, in terms of technology and weaponr [redacted] in a country of 2.5 million is a hell of a big insurgency.

The [redacted] can tie up a 100,000 man army.

The Nicaraguan army is 100,000. There are nearly as many Cubans in Nicaragua as there are freedom fighters.

They need the Cubans and their tanks to keep their own people around.

If freedom is alive and well in Nicaragua, they don't need 100,000 people to try to snuff out [redacted] guerillas. Originally, during the opposition to Somoya, the people did have shotguns and pistols. Because the struggle against Somoya had been going on for several years, as a matter of fact, at the time Costa Rica was a conduit for arms to the Sandanista forces and o provide the popular uprisi and that is eventually what happened.

So the poeple are armed. In view of this, the Sandanistas have even cleared the militia, which is part of that 100,000 men under arms. And they're not fearful of providing arms to people, but they keep them under control through various survellance techniques, such as what Cubans call Sandanista Defense Committee Block Commirtees.

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Anybody who even begins to look like they're getting out of line is informed upon.

And that's a tough apparatus to fight today in Nicaragua.

But, we have been in touch, because of our experience, with the entire range of the armed and the political opposition to the Contras and when Rich was talking about the [redacted] arms, he's not referring to the Mosquitas. There's 2 Mosq groups. There's the Misura Brooklyn Rivera and Steadman Fagoth and Misurasata and then there is Misurasata, which is a combination of Sumu, Rama and ____ indians which has aobut another [redacted] men under arms, plus the [redacted] under ARDE, the thing cthat grew out of it, which is the Democratic Revolutionary Alliance, which has many arms right now, about [redacted] But I was in [redacted] in March , , and there was one guerilla leader who told me they had [redacted] ready to fight, but they needed communications, books, weapons and leadership. They're ready to fight, but they needed communciations, We sent down a military expert to judge the viability. So that when he came back, he could be part of the Congressional debate. Becuase one of the disinformation pieces they used against the freedom fighters is that they're not militarily viable.

So we sent him down to look at it. He's a former Colonel in the Canad Air Force. And he's a professor of International Relations at Boston University. He flew in Vietnam. His name is Yorkamatre. A real dynamic fellow.

But when he was down there, in fact NBC got it on film, they send an 800 man force against a 2,000 man contingent of artillery and infantry and routed them. They were getting ready to attack the camps. They took 13 casualties. 3 died. They killed 280. And routed the force entirely.

They took 180 AK47s. They took mortars, hand grenades.

See, what happens is, they get a lot of thes weapons back. And they don't have ammunition for them. They get AK47s and they don't have the ammunition for them.

What they do with their young recruits is they give them an old Spanish ball rifle, the FAL, the (old) bolt action, roll o one rifle, and his job is to go out with his rifle, and after he's had his training - you know they do give them training.

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They give them formation training and they give them li8ve ammunication [illegible]

It's very professionally done.

And his job is to come back with his FAL and an AK47.

And they all do it.

And then they turn their FALs back in. It goes to the next recruit.

It's like the gun we made in World War II for $2.50. It would shoot just one time. You use that to get a real gun. We dropped them by air in France.

The best I can tell, a shotgun is the best thing to use in jungle warfare.

On a very rapid fire machine gun. That's why the AK47s and the M16s are the best weapons.

The M16 fires a 22.5 caliber bullet.

I bet I could get 10,000 people to give their old shotgun to this.

Only one problem. You can't export guns for military use from the U.S.

One reason Rich and I almost feel excited about this _________, is because, on March 1, for the first time, the various opposition forces got together. They signed a document.

Th[illegible] me to the realization that the opposition to the Sandanistas now is as broad, [illegible] broader, than that which was there for Somoya.

The [illegible] Herald has turned around. The Washington Post has turned around.

Frank and I set up the editorial board for Arturo Crug and Alfonso Robello ~~and~~ we went over and it came out about the San Jose document in the headline of the lead editorial was "A Fair Offer to the Sandanistas."

$28 million is totally inadequate. (Alfonso Robello says) $14 million is doubly totally inadequate. A Hind helicopter costs well over $23 million and there's 12 of them and they're coming.

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__________ has said publically, so that the Sandanistas [illegible] __________ secret radio communications in the field saying we have red-eyes. Its a big lie.

They're playing a psychological war against the Sandanistas.

The more sophisticated of the shoulder-held missles, the red-eyes. There's 2 different kinds. One that's a little less expensive and there's one that's $8,000. It can take it out.

And there was a scare about 3½ weeks ago. They called in the crews.

Texans are the most patriotic.

There really hasn't been a vehicle, almost before tonight, for a direct mechanism to them. Because it's been such delicate territory that nobody's really worked out the details on it.

I don't think that anybody who's sat with somebody at a table like this yet, it's going right there. It's buying these rounds. And its buying that missle. It's buying that boot.

Yes, this is the first.

They have lost a large portion, just because they've had to go through middle men.

There's nothing I hate worse than getting screwed. I'm scared to death any money I give to this thing is going to end up in somebodies pocket.

There isn't one dime that isn't going right into Adolfo Calero's hands. Not one dime.

I have known Adolfo Calero for roughly 2 years going on 3 years. He was jailed by the Sandnistas. He lead strikes against Somoya. He encouraged his own employees to go out on strike against Somoya.

Adolfo Calero was jailed by Somoya. But Adolfo Calerois a conservative.

Cruz is a social Democrat. He believes in a free economy but he believes in government support for a free economy which will never work. I used to work at AID and I've seen these kind.

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But the point is that the entire spectorum now C is in opposition to the Sandanistas. The entire spectrum.

They jailed 114 Social Christians a month ago. It caused them incredibl harm here in Washington.

But Adolfo Calero is a conservatie. He never gave in. He never gave in to the temptation of trying to negotiate with the Sandanistas.

After the elections, after the plans for the revolution, the state of Nicaragua, tell January, 1983, 2½ years after the time for revolution, he came to Washington to lobby for aid to the Sandanista government.

Since thn I have seen him on countless occasions, he has been so tired from working on behalf of his men and this cause.

As long as we stay on top, as long as we stay in the offensive position, they will be on the way out.

those guys are down there. They've got 2,000 Soviets. They've got 6,000 Cubans. There's 2,000 ____________.

It's not a set piece battle. The thing that has changed the equation are the Russian tanks, the Russian artillery and the Russian Hind helicopters.

How long do your boots last? Maximum 3 months. Why is that?

The humid. It's wet. And because they do a lot of walking. They're not riding in trucks. there are no trucks. They walk. And over pretty rough terra:

They have done a pretty good job of getting their wounded cared for. Because, psychologically, you've got to have that.

[redacted]

These are Soviet-made land mines. They have been uncovered by the guerillas, disarmed, and brought back to camp. And they're going to re-arm them and place them again against the Sandanistas.

They don't even have their own mines.

Thats similar to a claymore.

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[illegible]

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These are raw recruits. Look at the tin can this C guy has. Instead of a conteen.

There's a lot of heavy terrain. They do a lot of ambushing.

When I was there, I asked why there were so many men in the camp. I want to know how many men you have her.

He said, "5,000."

I said, "How many do you have in the field?"

"Some for medical care; some for R & R; some to be re-supplied, refitted But most of them because we don't have even a pack for them to carry their ammuniti They don't have boots.

What's happened is, the Sandanistas started their drive for military conscription. And they thought they would get support.

Instead, they got insurrection. In several of the major cities. Major insurrections. Coordinated insurrections.

And these boys came across the border. And their mothers and fathers sent them. They said, "If you're going to fight, fight for the side that will give you a choice. And that's why they fight.

That boy could have gone to Costa Rica. But they sent him to Honduras to fight instead.

He could have gone to Costa Rica and just cooled out. They sent him to Honduras to fight.

the reality is we're on the side of the angels with all this..

The miracle that I know about is that these people that we were just talking about have the highest morale. It brings tears to your eyes to see these people.

Having surrived and even grown since last may when the aid was cut off.

And they are having to tell people, "I'm sorry you cannot join us, you cannot fight, because we cannot give you a weapon to fight with. We cannot give you boots so that you can go fight.

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There are 12 helicopters. And if there was one ready for each one of us, we're talking about $96,000.

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Half the forces now who are in opposition to the Sandanistas would turn the other way if Americans went to fight, and we don't need Americans.

I understand there are a bunch of Americans down there.

Yes, but they're volunteer trainers. There just doing training. They'r in and out.

There are no Americans.

But you don't need them.

A [redacted] man insurgency against 40,000 full time rank and file military. 60,000 are militia. So [redacted] It's the technology thats throwing the whole thing out of kilter.

It's technology of Hind helicopters, Soviet tanks and the Soviet rapid fire assault rifles that everybody on the other side has. That's what's throwing it out.

If they had enough ammunition for the AK47s and they had enough red eyes to strategically place themselves.

How can you get the red eyes? Are they readily available?

Yeah.

They're getting arms on the international market. From everybody.

[redacted]

But by the time you go through 2 or 3 wholesalers, aren't you paying 10 times the price?

They pay very carefully. They've got pretty good credit right now with the wholesalers. But it doesn't extend far enough to get the AK47 rounds they need on the red eye missles.

I would think they would be the first ones to start manufacturing AK47s.

No but they get them from [redacted] They can get the rifles, but they can't carry off the ammunition to supply the rifles.

And, there other suppliers.

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I'm not sure people need automatic weapons.

The insurgency has to live off the commodities available through success.

We can get you a briefing on exactly what their military needs are.

Calero wants those red eye missles. He wants boots. He wants back packs. He wants AK47 rounds which you can get on the international market. He wants communications equipment.

But $14 million could be spent in 2 months without batting an eye.

Reagan ought to forget the $14 million and start asking for a whole lot more.

The $14 million has already been appropriated by Congress. And it can be released under certain conditions stepulated by the Congress. So that's what we're stuck with.

The only reason they've succeeded so far is because of people like yourself who have provided the material support for them to keep going. And it's not just Americans.

There are [redacted] There are Central Americans who are bacing this effort.

The [redacted] have been backing this. Until it began to look like the United States might not really bother at the right time when they needed them.

Vice President Bush went to Honduras 2 weeks ago on his way back from Brazil where he attended the inaguration of the new president. [redacted]

The [redacted] need the same kind of issues. They're going to go with the winner. And yet they're hearing multiple voices out of this country. Not this administration, but this country.

They're hearing the President saying that these are Freedom Fighters, that they're our brothers and so on.

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And they're hearing someone like Michael Barnes in the Congress saying, now wait. We're not out to topple governments.

It boils down to that.

The military aid, its surprising, boils down to back packs and boots. You'd think weapons would be the most important thing on the list.

If you were about to set out anywhere from 3 to 9 months walking deep into territory, jungle, roads, mountains, rain, and so on, and you knew that you were going to gone for a long time, you would want to have a good pair of shoes, wouldn't you?

Do they have much trouble with disease in that area?

They do all right.

We were going to rendevous with some reporters who were coming to look at the bases and son.

I had to travel with Calero and a couple of the members of the directorate of the FDN plus a Mosquito fighter who had been in training there and a few others.

And we loaded up in the two vehicles.

Where were you? In Nicaragua.

Yes, in the disputed territory in Nicaragua.

And, by the way, they control an enormous amount of territory there. They are supreme there. You drive down the road and you're out of the base camp and you've been going on the road for a half an hour and you see these guys walking along the road, and they're Contra. And you wave to them.

These guys look good.

In any case, we're going up these mountain roads and I am just about fit to be tied. Because, in a jeep, 4 wheel drive, with about 6 people, even though it's a mountain road, you feel that you ought to be able to at least go pretty well forward, right?

We were going like this.

Over the side, heavy of a load and I was on the side and I was looking

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down there and it's about 800 feet straight down.

This was about 4,000 or 5,000 feet altitude.

Jungle.

Temperature. It's warm maybe 75-80 degrees.

This is in good weather, this is dry season. But it rains a little bit and the roads are pretty bad.

In fact, some strategist think the best thing we could do for those people would be to get them a bulldozer so they could help maintain those roads.

In any case, we were going like this, and I literally six inches from going over. Six inches. Somebody was with us.

We stopped and I got out. And I looked at the tires on that jeep. It was a Toyota. And they were literally bald. Nothing there.

And that's what they're surving with.

And I said, "why haven't you got tires?"

And they said, "Because back packes and boots are more important than tires."

We sent Nightline's crew there and they did a very positive story. We worked very hard with them to make sure we had journalists were sympathetic. And I got this call from this producer when she came back.

I said, "How was it?"

She said, "It was fine. Except the part where we were going down the hill sideways."

They were in the same jeep that he was in. They hadn't changed the tires yet because they didn't have money to change them.

There is an entire group right now of Nicarguan exiles who've been involved in the fighting themselves. One guy who's involved is setting up the anti-Pope demonstrations where they spit on the Pope and all that stuff. And we have these guys, in Washington, and in other areas, right now, sitting on their hands. Because there hasn't been the money to pay for their airplane tickets and other things to get them out to the districts, like Jim Wright's district, and have them speak up.

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Can you imagine what the reaction would be if the people in Jim Wright's district knew what they did to the Pope down there?

How about the Baptists they hand-grenaded? We have some of those. We have some Evangelicals who where hand-grenaded.

Let's show those on the tape.

We have been waiting for literally months. We have these people sitting waiting, ready to go. And they could have been going earlier, but a couple people got cold feet about spending money for then to go out and do these things.

And it's a shame. Because they could have had major impact on the debate. Particlarly back in the home districts of these Congressmen and Senators that we're voting for.

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The beauty this time is that we are on the side of the insurgency which is the first time, except Afghanistan, but we can't get close enough to see it.

But we are on the side of the insurgency.

And if we can continue, as we've been working so hard to do, to turn the media around, they will start to romanticise about these guys who are the Democrat guerillas.

We going to call it the Shotgun Drive. And we're going to get Remington to put up the amo. Dupont owns Remington.

We're going to start on CBs. We're not even going to involve the electro media until we get support or we have about 3 semis going north on Tobacco Road out of North Carolina full.

And they keep calling on another semi.

"We got an empty semi out there? Somebody got an 18-wheeler empty can come on down and help liberate Central America?"

But the organization who was in charge of putting it together utilized a Sandanista office in Managua to put together the report.

And we brought up this guy for a news conference and we had it last week and Time and Newsweek and AP and everybody reported on it. You look at Time magazine. This week's Times you'll see a little thing about a PR firm. That's us.

The point here is this U.S. Congressman stood up with people. He couldn

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be that naive. He had to know who these people were.

He stood up with them. He had a news conference with them. And he sponsored their report. Which was clearly bought and paid for by a communist governmen in Managua.

Now that will scare the hill out of people.

The guy that did that Human Rights Study is a member of the National Lawyers Guild, which is a Communist front.

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It's paid for by the Soviet Union. Literally.

I don't see how anybody in thise country could rationally be a Communist.

There are rational Communists.

The reality is that they profess views which are very left. Socialists. And yet they're very willing to accept a Communist government.

ron Dellums was a perfect example. He knew exactly what was going on in Grenada. It was fine with him.

The reality is you have the right to be concerned and you have the duty to be suspicious.

Because anybody you'd elect to that position and would even do it out of naivete, shouldn't be there.

They shouldn't be there.

Calero was so tired, he couldn't even keep his eyes open when we were speaking with him on some very important issues.

What I mean to imply by describing him in that way is that this man is commited. He does not have to undergo what he is undergoing now.

One, if he did not believe in it. Or two, if he were using what resources he is receiving for personal gain.

He would not suffer that much.

We're going to see to it that man doesn't havet to come up here and beg anymore to be able to fight for freedom.

That's what we're going to do with you is

Where is his family? In Miami.

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They're scared in Miami, frankly.

Everytime we call there, we get a call from somebody else said "why did you call?"

It's a very difficulty mentality.

Well, Alfonse Robello, one of the 3 guys who met with Reagan, was hand grenaded in San Jose in November. He heard a crash. He was driving a little Renault. He was with his fiance. He heard a crash. Renault. He was with his fiance. He stopped the car. Put it in neutral. Opened the door and turned around like that and the grenade went off.

And it blew out both his eardrums and peppered him. Bloew out his fiance's back.

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Talk about terrorism.

They have had two attempts on Alfonse Robello. Two attempts on Eden Pastore. Two attempts on Anturo Cruz. And nobody has every tried to kill Daniel Ortega.

Nobody has ever tried to kill Byardo Arsis.

If you really want to know who has a policy of systematic violence, look to the Sandanistas.

Starlite scope. You can see at nite. Good for hundreds of yards. Made in Alabama.

This is Nicaraguans for Nicaragua. We have an indigenous, tiny force that grew up on its own accord, that matured of its own accord, and is only now.

The real reason we're here is a matter of personal conviction. There isnothing in it for us personally.

We are serving the larger and more mobile cause. That is the casue of freedom and democracy. Which we see threatened by the continuation of the Sandanist regime in Nicaragua.

It would be a shame if they won by default. If they won because they were willing to put in the money that gave them the technology to succeed where

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where sheer numbers and sheer political force wouldn't. Thats what's so disturbing to me about it.

What bothers me is what happens after they've won. Look at all these soldiers that have to go back to being peasant farmers.

Look at what's happened in Guatemala. Look at what happened in El Salvador.

The military held that news conference in El Salvador and they said, "We in tend to back this government and the results from this election."

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And that ended the argument.

Because heretofore they'd been the final arbitrator and here they were the preliminary arbitrator and they said, "This is fine," and that's the end of the argument.

And they put democracy on a sound footing in El Salvador.

And the same guys that are fighting now for the FDN, that's what they fought for, they're the same people who fought against Somoga! They were fighting for the same thing against Somoza that they're fighting for now. And it's democracy.

For me, the bottom line is, these are people who are willing to fight for their freedom and for democracy. So that we won't have to fight ourselves.

LULAC

People like Mario Obledo from the LULAC based in Texas, an Hispanic organization. Saw him on tv in Houston yesterday. He was going "Oh, no. we're hightening tensions and I'm afraid that our boys are going to have to go down there and fight."

Well, they damn well will fight unless we get behind the right side right now.

There are more Hispanic Medal of Honor winners than any other nationality in the United States.

They're ready to go. They're ready to fight.

AK$& sounds are a little less than $1 a round.

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Between now and May 1, the red eye missles could be the entire key.

Because if they succeed at this point in launching an offensive includin tanks and the MI24 helicopters into that region and go for the cans...

There's 2 different kinds of red eye missles. There's one that's very unsophisticated which is just a direct shot missle. And then there's one that's able to take on the Hind because the Hind has major decoy devices, has heavy armanment and it has these fflus on the back of the exhausts from the jets - the expulsion from the engine - that mask the heat.

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So you have to have the $8,000 red eye to make it work.

They have flare system on the MI24s and they drop the flares out.

For one thing, there's a trade off.

If you provide money for ammunition, the money they've set aside for ammunition can go to boots.

On the other hand, if you provide money for boots, what they've set aside for boots can to ammunition.

Whatever you do in regard to that list (of Calero's needs), I think you can be proud of what service you provide for democracy. I think ultimately you can be proud to stand that day in Managua when there's a free country inagurated down there.

I'd encourage you to participate now while you can still make a differenc

That'll make a lot of difference to a lot of huys down there. I'm serious about that.

We haven't heard from you yet.

Please respond to the President's request for aid to the Nicaraguan refugees.

You tax-deductible check of $330 or more will be a miracle gift. The Nicaraguan refugees are homeless, impoverished and wounded fighters for freedom.

Once you gift arrives, your name will be immediately added to the Preside Honor Roll of Concerned Americans. We are presenting the Honor Roll to the President on the 15th of May.

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Exh. 12
4/27/87

NATIONAL ENDOWMENT
FOR THE
PRESERVATION OF LIBERTY

305 FOURTH ST., N.E.
SUITE 1000
WASHINGTON, D.C. 20002

July 3, 1985

Y 0021

Mr. & Mrs. John W. Ramsey, Jr.
3510 Cranbrook
Wichita Falls, TX 76308

Dear Mr. & Mrs. Ramsey:

Thank you so much for your strong support of the cause of freedom in Nicaragua. As you know, this is becoming the major foreign policy objective of President Reagan. Our work for the President and this worthy cause is obviously of great importance to him. Your personal support is invaluable to victory.

I don't know what it is about America, but things just don't seem to get going unless there is a small band of like souls who carry the banner forward at the beginning. I am honored to know and work with peole like you. Your participation does have a tremendous impact.

You are an unfailing supporter of President Reagan and his policies of freedom. We admire your strong and leading role in this effort.

As events unfold I will be personally keeping you informed about the developement of freedom in Nicaragua. I am authorized to tell you that you will be invited to a private military update in the fall, very probably in mid-October.

Our friend who spoke at dinner has told you of the true needs of the freedom fighters. You will recall that he said that it takes $1,000 to completely clothe and prepare a freedom fighter for his duties. At this moment there are more freedom fighters than there is equipment available. That's where we come in. This is an urgent moment. I hope you will be returning your pledge sheet with a check in the very near future.

In case you have lost the return envelope, just mail your check to the address on this stationery. Please make your corporate or personal tax-deductible check payable to National Endowment for the Preservation of Liberty. Your contribution is the precious fuel for freedom. And the time to strike is now.

Please let me hear from you very soon.

With very warm regards
and appreciation,

Spitz Channell

Spitz Channell, President

P.S. I have enclosed our IRS tax deductibility statement for your records.

Enclosures

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[10:30 a.m.]

DEPOSITION OF DAVID M. RANSOM

Wednesday, June 10, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washingtón, D.C.

The deposition convened at 10:30 a.m., in Room H-328, The Capitol.

Present: Ken Ballen, Staff Counsel, and Timothy E. Traylor, Investigator, House Select Committee to Investigate Covert Arms Transactions with Iran; Terry Smiljanich, Associate Counsel, Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

Also present: George Taft, Department of State, representing the witness.

Partially Declassified/Released on 22 Dec 87
under provisions of E.O. 12356
by [redacted] National Security Council
K. Johnson

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EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. BALLEN:

Q Mr. Ransom, could you state your full name for the record, please?

A David M. Ransom.

Q Would you spell your last name?

A R-a-n-s-o-m.

Q What is your present position?

A I am a Charge D'affaires, AI, in the American Embassy in Damascus, Syria, ad interim.

Q How long have you held that position?

A I arrived at post in August of 1985. However, my actual assigned position is Deputy Chief of Mission. I am only Charge, obviously, when the ambassador is not present.

Q How long has that been?

A The ambassador departed post October 1986, and I have been Charge since that time.

Q What was your prior position in the Department of State?

A Prior to that, I was the Deputy Chief of Mission in the American Embassy of Abu Dhabi in the United Arab Emirates.

Q Are you a Foreign Service Officer?

A I am a Foreign Service Officer entering the Department in 1965. I have been assigned almost continuously in affairs concerning the Middle East.

I have worked in several Middle Eastern countries and in several positions in Washington.

Q I ask you this with regard to the subject matter we are interested in hearing, which is your involvement with the hostage rescue in the period of September and October of 1986.

If you could--I believe you have looked at some of the documents. If you could, could you give us a brief chronology of your involvement, who you were contacted by and what occurred with that, I think that would be a good way to proceed.

A Right.

Shortly after the events under discussion, I reconstructed a chronology which I do not now have.

Q Do you know where that was?

A It was turned over to the Department of State. I did not keep a copy of it.

Q Do we have that?

A I don't know where it might be. It would have been in late December when I was called back to the United States in connection with this.

MR. BALLEN: Let me go off the record for a second.

[Discussion off the record.]

BY MR. BALLEN:

Q Please proceed.

A I believe the first message that I received in connection with the attempt to rescue -- the attempt to rescue two hostages, was on the 30th of October. The message is now here -- no, I am sorry; wait a minute.

MR. BALLEN: Why don't we mark these as exhibits. I think it is this one; isn't it?

THE WITNESS: I think it is the 30th.

MR. BALLEN: Let's mark this as Deposition Exhibit No. 1.

[The document marked DR Exhibit No. 1 follows:]

******* COMMITTEE INSERT *******

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THE WITNESS: This is the first message I received and it was on the 30th of October [redacted]

It was from Poindexter, as I remember, and it notified me that there might be two American hostages released over the coming weekend.

Our embassy had taken -- had been delivering American hostages in the past through the Syrian Government and there was a procedure which we had -- which we were very familiar with to take these people into our homes, prepare them for a trip abroad.

Essentially, it meant a statement at the Foreign Ministry at the time that they were delivered to us, a brief medical examination in an American home.

We prepared clothing and such for them to travel in. We gave them food and company and as much compassionate attention as they wanted and could absorb, phone calls to their family [redacted] and then we made arrangements for aircraft to come in and take them out.

That amounted to a standard operating procedure which was well known at the embassy, having been practiced

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several times before, and it was that which I undertook to prepare to do when I received this message.

BY MR. BALLEN:

Q May I ask you something about that message? Was it normal for you to receive a message [redacted] from Admiral Poindexter?

A No, it is not normal at all, nor did I find it abnormal. The message came from the White House, which I knew to be working directly on hostage release efforts and I saw no contradiction in what I was being asked to do and any element of Department policy or operations.

[redacted]

While I was uneasy about this, I accepted it, but I made the mental decision, if not right away, then a few days later, that at the moment when I came -- that I contacted the foreign government, moved in effect out of the embassy into an action involving the host, the host ministry, I would then inform the Department of State and officials there.

I wasn't sure whether or not they were informed, but I thought that what I was being asked to do was within

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acceptable limits.

Q So you saw no need to deviate from the instructions you had received from Admiral Poindexter?

A No.

Q What exactly did he ask you to do at the time?

A The message stated that on the chance that the hostages fall into Syrian hands, instead you should be prepared to proceed as in the Jenco release to ensure their prompt delivery to USG hands, which I took that to mean after the Syrians produced these men and turned them over to me, I would arrange for them to be sent on to Germany, to the hospital in Germany.

Q And that would be essentially your role, logistical role?

A Yes; logistical support.

Q Would you at this time describe some of the other cables in sequence that you received?

A The two issues that involved us in the most exchange subsequent to the receipt of the first message were, first, the transportation that we would be using to get the hostages out of the country.

In the past, we had used both private aircraft and U.S. Government aircraft. The latter are much more difficult to clear into the country than the former and I had to point out to the White House [illegible] important this matter

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was to us, it normally took 24 or 48 hours to get Ministry of Defense clearance for U.S. Government aircraft to fly into the highly defended air space of Syria, whereas civil aircraft could simply file a flight plan and proceed with almost no warning whatsoever.

Therefore, with the weekend coming up and even after the weekend, I recommended a charter plane, a private plane to take advantage of the relatively easier arrangements that would be possible that way.

The other question was how much credit should be given to the Syrian Government at the time of the release, what kind of a statement would I make.

I received from the White House the text of a statement which they said had been prepared for presidential use, and I was to draw on elements of that to make whatever limited statement I was going to have to make at the time, whoever these men were.

I had no idea, might be turned over to me in Damascus. I anticipated that as in the past the Syrians would announce this to the press and assemble a fairly large pool of reporters, Syrian and American reporters, pictures taken, and I would have to say something.

The statement which I received was entirely adequate as a basis for the few things that I thought I had to say.

Q You [illegible] mentioned this earlier, but you had undertaken with regard to Jenco a similar kind --

A Yes.

Q What then developed along these lines?

A Well, precisely nothing. The release, as it finally occurred, involved, as you know, a single person and not two and it took place in Lebanon and not in Syria.

The Syrians were not involved at all. However, we did go to the point of getting the identifying data on the aircraft which would be coming into Syria and I prepared a note which would help in clearance of the aircraft [redacted]

I held that note until I got the aircraft data and crew data, all of which is necessary. I held the note until Saturday, the first of November, according to my personal date book, and at that time, at four o'clock in the afternoon, I received a TACSAT call from Bob Earl, in the White House.

Earl said, "Go ahead and request flight clearance." I said, "Do you have information that the hostages are going to be turned over to the Syrians and are on their way to Damascus?"

He said words to the effect that we need to blast this loose.

On that basis, I called the State Department by secure line and told the desk officer in NEAARN -- his name is Doug Greene -- that I was going to the Minister of Foreign Affairs with this request, a formal note requesting visa and entry of the aircraft and he should tell Dick Murphy and any others in the Department who he felt needed the information.

I went to the Ministry and while I never received a formal reply, either positive or negative, from the Syrians they indicated to me that if the aircraft actually came, there would be no problem with its entry.

It was apparent to me that they had no information to indicate that a hostage was going to be turned over to them, so they were a bit puzzled, and rather suspicious of the request.

Nevertheless, I thought that they were cooperative. [redacted] Lacking knowledge, as I think -- the people I spoke to clearly lacked knowledge of any hostage release and they inevitably worried, first of all, that there might be something in this affair to embarrass them and to -- to embarrass them, and this thought was not developed, it was something you could sense in their reaction that pushed for information, no [illegible] who might be released, when, how would they come, who would release them -- I was ignorant of all that.

Q What, if anything, did you do with regard to the visa request? Did you pursue that at all?

A Yes. I requested and got passport data and the other identifying data that the Syrians require for a visa application and put that in the note, in effect asking for an airport visa.

Q If I understood what you said correctly, the reason you called the State Department at the point in time you did was because that was the point when you were actually going to approach the Foreign Ministry in Syria?

A I was going to engage a foreign government which I considered to be an act, which the Department of State has a large interest.

Up to that, I had been taking actions inside the embassy in anticipation that release of a hostage might take place.

These things were all mundane things, getting food and meals together, clothing, lining up a doctor and nurse, preparing a room.

Q Nothing you needed to notify the Syrians of?

A Nothing.

Q You had received an instruction from Admiral Poindexter to essentially only communicate to him. How did you handle that once you decided to -- you just thought that instruction could go by the boards -- what was your process with that?

A I am not sure I understand.

Q You had received an instruction --

A Not to communicate outside this channel.

Q Correct, and you did at a certain point in time?

A Right.

Q What led you to do that and did you communicate to the White House that you were going to do that?

A I did not communicate to the White House. I felt I was in a difficult position on the question, but I felt I owed it to the Department of State to communicate to them what I was doing once it moved outside of the embassy.

I made clear to my interlocutor in the Department of State that I was acting without the knowledge and against the express instructions of the White House, and -- but I thought that was the responsible and needful thing to do.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. TRAYLOR:

Q What was the State Department's response?

A There had been a great deal of press play speculating upon a release of a hostage. [redacted]

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We were getting calls from press people who were staking out the aircraft in Nicosia, so a lot of the surface arrangements for this release had become public knowledge, and no one in the State Department was particularly surprised with the thought that we might have been contacted and that we might be taking steps to prepare for the release of a hostage.

I might add that in the past when releases took place, we often found out about them through the press and in advance and started our preparations based on that without any instruction whatsoever.

MR. SMILJANICH: Let me ask a question.

MR. TRAYLOR: I wanted to ask a couple more.

BY MR. TRAYLOR:

Q Throughout this entire two- or three-day process, did you have any contact with Oliver North?

A None.

Q Richard Secord?

A There is a message here signed by Oliver North and that is the only contact I had. I had no contact with North or Secord or any of the other people who are mentioned in this series of cables in a direct and personal sense nor did I have any knowledge whatsoever of the negotiations that might have preceded the release of the hostages.

My entire knowledge of the affair was limited to a request to expedite the transportation of these, I thought, two men, one or two men, if they turned up in Syria.

Q Were you communicating with Ambassador Kelly --

A No, some of the messages that I sent went to [redacted] Beirut [redacted] so I am sure they were read by Kelly [redacted]

MR. TRAYLOR: That is all the questions I have.

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EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SMILJANICH:

Q Let me ask first of all, what role if any did you play in the release of Mr. Jenco?

A None -- sorry, Father Jenco was delivered to us by the Syrians and we did precisely what I described we prepared to do in the case -- in the latter case, in other words, we found out that Jenco was coming. We actually found out Jenco was coming through press reports and [redacted] sources,and the next think we knew, the ministry of foreign affairs called us and told us to go to the ministry and that Jenco was there.

Q So you had no [redacted] communications with the White House concerning the pending release of Father Jenco?

A No. The ambassador was there at the time and I don't think he received anything that I didn't about -- it would be extremely unlikely for him not to include me in any such messages.

Q Did Oliver North play any role that you could see in connection with the release of Father Janco,or Richard Secord?

A No. Our instructions in that case came to us through the Department of State. After Jenco arrived, [redacted] The weight was -- we were

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then asked by our country director for Syria, Lebanon and Jordan to help [redacted] fly out [redacted] Jenco.

We did that. [redacted] But how Jenco's release came about, who brought it about were matters on which we had no information at all.

It was clearly a White House role, Department of State officials were in contact with the White House, but we knew nothing.

Q Who was the country officer who gave you that message?

A April Glaspie.

Q Did she say where she had gotton those instructions?

A My recollection was that she had been in contact with officials at the White House, but I have no knowledge who the officials might have been. She was also in contact with Robert Oakley, who was the counterterrorism coordinator.

Q This is after you had Father Jenco in your hands?

A To the best of my recollection, the department and our embassy seemed to be working on the basis of the same press reports and Lebanese Government disclosures about the movements of Jenco. We had a report, for instance, that Jenco had been spotted in the Bekaa [redacted] but that we discussed with the Department of State. We both came to the conclusion that there was something going on here and it was likely Jenco would arrive.

And, in fact, he did. But there was on indication of the type of mechanism that we had here in this series of cables.

Q And those discussions were again with April Glaspie?

A April Glaspie and Doug Green, who is the Syrian desk officer.

Q You said Bekaa, are you talking about the Bekaa, the Bekaa Valley?

A Right. Jenco was released in the lower Bekaa, eventually turned over to Syrians, taken to the lower Bekaa, cleaned up and given clothes and sent almost directly to Damascas.

[redacted]

We speculated that why Jenco might have been released, a long series of plausible alternative exmplanations it never crossed my mind that anyone in the U.S. Government in a position of authority would offer arms for hostages.

Q Would it be fair to say then you had absolutely utterly no idea that any type of negotiations with Iran involving arms had anything to do with the release of any of those hostages?

A That is correct. The only -- when I say that it never crossed my mind that this would have happened, I am emphasizing the last part of the sentence, that it would actually have taken place. It certainly crossed my mind this could have occurred, but I thought it would as -- it would be rejected as a mechanism by anybody in the U.S. Government.

We had no indication this had taken place. It jm 5 was only speculation on our part, which as I say, we did not really accept.

Q Okay.

Now, going back -- you took your post in August of 1985 -- that was -- I don't have the exact date, but Benjamin Weir was released as a hostage about that time, was that before or after you took the post?

A Prior.

Q So you have no knowledge about his circumstances?

A No.

Q Have you told your story to independent counsel? Have you been asked---

A To who?

Q The independent counsel or anybody on behalf of the independent counsel?

A No.

Q Do you speak Arabic?

A Yes.

Q Has there been any,to your knowledge, change in State Department policy since these incidents with regard to what actions an ambassador or charge should take if and when they are asked to undertake something by the White House, use privacy channels, et cetera, have you been given guidance or instructions as to how to proceed in the future when that happens?

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A Yes, and I wish I had refreshed my memory by reading that guidance before I came here today.

Q Tell me generally.

A In general, the Secretary of State instructs ambassadors, and that procedure was reiterated in great force in the aftermath of the disclosures of what had taken place -- in the aftermath of the release of Jenco and the disclosures of how this had taken place.

As I read the document in Damascus, it arrived by telegram -- I believed it left open the possibility under certain circumstances that a President could in exercise of his constitutional power, directly notify and instruct a Federal employee, an ambassador in particular, and me as a chief of mission, and it was clearly the effect of that message to require such persons to notify the Department of State, at least after the fact.

I do not regard this as a change in the -- perhaps Mr Shultz regards this as a change in the procedures that were in effect at the time, but I do not. And I believe, moreover, that I had acted in accordance with those general guidelines, even though I didn't have them in hand at the time of the incidents in question.

Q Let me ask this about that. Do the -- if you want to call them new guidelines, do they specify that the instructions must come directly from the President as opposed to the National Security Adviser?

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. BALLEN:

Q What is the date on these guidelines?

A I am sorry, I don't want to discuss the guidelines until I have reread the instructions, because I might mislead you or misstate the matter, and I see no reason why these guidelines would not be available.

Q I would like to see them. I am really asking you for your best recollection. I realize the documents is more specific.

A It is a lengthy document.

Q What date are we talking about, when did you receive them?

A Late December of last year, 1986.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SMILJANICH:

Q I realize this is a thorny problem because as I understand it, as I have been told by various people, an ambassador or charge is the President's representative in a foreign country---

A Certainly an ambassador is.

Q The ambassador is the President's representative in a country and if President Reagan calls up the ambassador and says, Mr. Ambassador, I want you to do X, Y, and Z, certainly that is something that he has to do?

A That is right.

Q It gets fuzzier when you are dealing with the National Security Adviser, or the Assistant to the National Security Adviser. Without telling me what they say, do you recall whether or not the guidelines talk about from whom the authority must come?

A One of the reasons that I asked about the draft press statement that had been prepared for the President was to see whether or not it had, in fact, been approved for use by the President. If so, I took this as additional -- additional indication that it had direct authorization, knowledge and backing of the President.

However, I was prepared to act on the basis of the Poindexter message. I believed that he had adequate authority to tell me to get ready to receive hostages. I saw no contradiction with department policy or with government policy in any of this.

These were routine actions we had performed in the past and I never hesitated to obey.

Q Okay.

One last question. No, strike that. That is all I have.

Thank you.

MR. BALLEN: Mr. Ransom, thank you very much for coming and for your cooperation with the questions.

THE WITNESS: Thank you very much, sir.

(Whereupon, at 11:10 a.m., the deposition concluded.)

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